UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 13, 2020

Federal National Mortgage Association
(Exact name of registrant as specified in its charter)

Fannie Mae

Federally chartered corporation	**0-50231**	**52-0883107**	**1100 15th Street, NW** **Washington, DC 20005**	**800 232-6643**
(State or other jurisdiction of incorporation)	*(Commission File Number)*	*(IRS Employer Identification No.)*	*(Address of principal executive offices, including zip code)*	*(Registrant's telephone number, including area code)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
None	N/A	N/A

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

The information in this report, including information contained in the exhibits submitted with this report, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference into any disclosure document relating to Fannie Mae (formally known as the Federal National Mortgage Association), except to the extent, if any, expressly incorporated by specific reference in that document.

Item 2.02 Results of Operations and Financial Condition.

On February 13, 2020, Fannie Mae filed its annual report on Form 10-K for the year ended December 31, 2019 and issued a news release reporting its financial results for the periods covered by the Form 10-K. Copies of the news release and a financial supplement are furnished as Exhibits 99.1 and 99.2, respectively, to this report and are incorporated herein by reference. Copies may also be found on Fannie Mae’s website, www.fanniemae.com, in the “About Us” section under “Investor Relations/Quarterly and Annual Results.” Information appearing on the company’s website is not incorporated into this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits. The following exhibits are being submitted with this report:

Exhibit Number	Description of Exhibit
99.1	News release, dated February 13, 2020
99.2	Q4 and Full Year 2019 Financial Supplement, dated February 13, 2020
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document included as Exhibit 101

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

By /s/ Celeste M. Brown

Celeste M. Brown
Executive Vice President and
Chief Financial Officer

Date: February 13, 2020

Fannie Mae

Contact: Pete Bakel **Resource Center: 1-800-732-6643**
202-752-2034 **Exhibit 99.1**

Date: February 13, 2020

Fannie Mae Reports Net Income of $14.2 Billion for 2019 and $4.4 Billion for Fourth Quarter 2019

Fourth Quarter and Full Year 2019 Results

- Fannie Mae reported 2019 net income of $14.2 billion and fourth quarter 2019 net income of $4.4 billion. Fannie Mae's solid financial performance reflects its strong business fundamentals and stable single-family and multifamily guaranty books.

Business Highlights

- Fannie Mae's net worth increased to $14.6 billion as of December 31, 2019, as the company continues to retain quarterly earnings and restore its capital base. Based on the current agreement with the U.S. Department of the Treasury and the Federal Housing Finance Agency (FHFA), the company may retain quarterly earnings until its net worth reaches $25 billion.
- Fannie Mae provided more than $650 billion in liquidity to the mortgage market in 2019, helping families across the country to own or rent a home through the financing of more than 3 million home purchases, refinancings, and rental units.
- Fannie Mae was the largest issuer of single-family mortgage-related securities in the secondary market during 2019 with an estimated market share of single-family mortgage-related securities issuances of 37%. Fannie Mae has financed approximately 1 in 4 single-family mortgages in the United States.
- Fannie Mae provided $70 billion in multifamily financing in 2019, which enabled the financing of 726,000 units of multifamily housing. More than 90% of the multifamily units the company financed in 2019 were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing. Fannie Mae finances one fifth of the multifamily mortgage debt outstanding in the United States.

Fannie Mae continued its ongoing capital management and risk reduction efforts in 2019:

- Fannie Mae made changes to its Single-Family credit risk transfer structures in 2019, increasing the company's capital relief and reducing the company's risk. Fannie Mae also began obtaining credit protection on single-family reference pools containing seasoned loans, increasing the percentage of the company's book covered by credit risk transfer, reducing the company's capital requirements, and further reducing risk.
- Fannie Mae also enhanced its risk transfer capabilities through the company's first Multifamily Connecticut Avenue Securities (MCAS™) transaction in the fourth quarter of 2019, while remaining committed to lender risk-sharing through its Delegated Underwriting and Servicing (DUS®) program. These and other multifamily credit enhancements through 2019 have reduced the company's conservatorship capital requirement for credit risk on multifamily loans acquired in 2018 by more than 70%.
- Fannie Mae's retained mortgage portfolio decreased to $153.6 billion as of December 31, 2019 from $179.2 billion as of December 31, 2018, due primarily to a decrease in the company's loss mitigation portfolio driven by sales of reperforming loans.

"Our results further demonstrate the strength and earnings power of Fannie Mae's business in 2019, including our ability to manage risk and generate solid returns in both our Single-Family and Multifamily business lines. We continue to fulfill our mission to provide liquidity to the mortgage market and meet our housing goals, while growing our guaranty fee income and managing expense growth. We begin 2020 with a net worth of $14.6 billion, thanks to strong retained earnings and prudent risk management."

Hugh R. Frater,
Chief Executive Officer

WASHINGTON, DC — Fannie Mae (FNMA/OTCQB) reported annual net income of $14.2 billion and annual comprehensive income of $14.0 billion, compared with net income of $16.0 billion and comprehensive income of $15.6 billion for 2018. The decrease in net income for 2019 was driven primarily by a shift to fair value losses in 2019 from fair value gains in 2018 as a result of decreasing interest rates throughout most of 2019. For the fourth quarter of 2019, Fannie Mae reported net income of $4.4 billion and comprehensive income of $4.3 billion, compared with net income of $4.0 billion and comprehensive income of $4.0 billion for the third quarter of 2019. The increase in net income for the fourth quarter of 2019 was due primarily to an increase in net interest income from the amortization of upfront fees as a result of elevated prepayment rates, an increase in investment gains, and a shift to fair value gains from fair value losses in the third quarter of 2019, partially offset by a decrease in credit-related income.

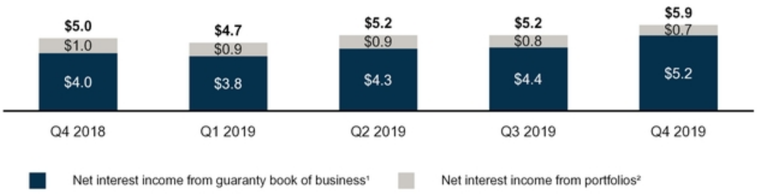
Summary of Financial Results

(Dollars in millions)	4Q19	3Q19	Variance	2019	2018	Variance
Net interest income	$ **5,850**	$ 5,229	$ 621	$ **20,962**	$ 20,951	$ 11
Fee and other income	**301**	402	(101)	**1,176**	979	197
Net revenues	**6,151**	5,631	520	**22,138**	21,930	208
Investment gains, net	**923**	253	670	**1,770**	952	818
Fair value gains (losses), net	**84**	(713)	797	**(2,214)**	1,121	(3,335)
Administrative expenses	**(786)**	(749)	(37)	**(3,023)**	(3,059)	36
Credit-related income						
Benefit for credit losses	**279**	1,857	(1,578)	**4,011**	3,309	702
Foreclosed property expense	**(151)**	(96)	(55)	**(515)**	(617)	102
Total credit-related income	**128**	1,761	(1,633)	**3,496**	2,692	804
Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees	**(626)**	(613)	(13)	**(2,432)**	(2,284)	(148)
Other expenses, net	**(644)**	(571)	(73)	**(2,158)**	(1,253)	(905)
Income before federal income taxes	**5,230**	4,999	231	**17,577**	20,099	(2,522)
Provision for federal income taxes	**(865)**	(1,036)	171	**(3,417)**	(4,140)	723
Net income	$ **4,365**	$ 3,963	$ 402	$ **14,160**	$ 15,959	$ (1,799)
Total comprehensive income	$ **4,266**	$ 3,977	$ 289	$ **13,969**	$ 15,611	$ (1,642)

Net revenues, which consist of net interest income and fee and other income, were $6.2 billion for the fourth quarter of 2019, compared with $5.6 billion for the third quarter of 2019. For the year, net revenues were $22.1 billion, compared with $21.9 billion in 2018.

Net interest income was $5.9 billion for the fourth quarter of 2019, compared with $5.2 billion for the third quarter of 2019. The increase in net interest income for the fourth quarter was due primarily to higher amortization income driven by an increase in mortgage prepayment activity as a result of the declining interest rate environment for most of 2019. For 2019, net interest income was $21.0 billion, substantially unchanged from 2018.

Net Interest Income
(Dollars in Billions)



(1) Includes revenues generated by the 10 basis point guaranty fee increase the company implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by us.
(2) Includes interest income from assets held in the company's retained mortgage portfolio and other investments portfolio, as well as other assets used to generate lender liquidity. Also includes interest expense on the company's outstanding corporate debt and Connecticut Avenue Securities® debt.

Net fair value gains were $84 million in the fourth quarter of 2019, compared with $713 million in losses in the third quarter of 2019. Net fair value gains in the fourth quarter of 2019 were driven primarily by gains on risk management derivatives due to increases in interest rates in the fourth quarter of 2019. For the year, **net fair value losses** were $2.2 billion, compared with $1.1 billion in gains in 2018. Net fair value losses for 2019 were due primarily to decreases in interest rates throughout the first nine months of 2019, compared to increases in interest rates throughout most of 2018. Fannie Mae is developing capabilities to implement fair value hedge accounting to reduce the impact of interest-rate volatility on the company's financial results. Once implemented, derivative fair value gains and losses resulting from changes in certain benchmark interest rates may be reduced by offsetting gains and losses in the fair value of designated hedged mortgage loans or debt. Therefore, the company expects the volatility of its financial results associated with changes in interest rates will be reduced substantially while fair value gains and losses driven by other factors, such as credit spreads, will remain.

Net Fair Value Gains (Losses)
(Dollars in Billions)

Credit-related income consists of a benefit or provision for credit losses and foreclosed property expense. Credit-related income was $128 million in the fourth quarter of 2019, compared with $1.8 billion in the third quarter of 2019. The decrease in credit-related income in the fourth quarter was driven primarily by a benefit in the third quarter of 2019 due to the company's enhancement of its model to estimate cash flows for individually impaired single-family loans within the company's loan loss allowance for single-family loans. Credit-related income was $3.5 billion in 2019, compared with $2.7 billion in 2018. The increase in credit-related income for the year was driven primarily by the third-quarter enhancement to the company's model and a benefit from decreases in interest rates for most of 2019, compared with increases in interest rates for most of 2018.

Credit-Related Income
(Dollars in Billions)

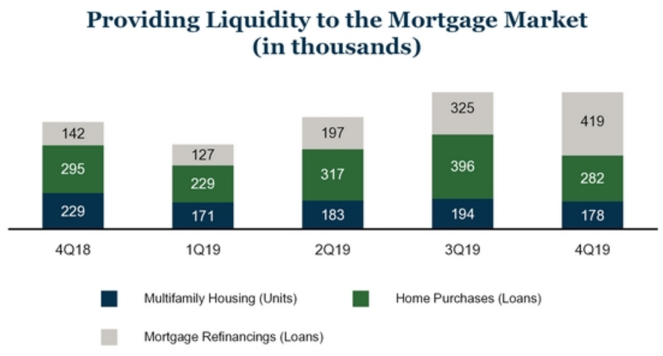
Investment gains were $923 million in the fourth quarter of 2019, compared with $253 million in the third quarter of 2019. Investment gains were $1.8 billion in 2019, compared with $952 million in 2018. The increase in investment gains for the fourth quarter of 2019 and for the year was driven primarily by an increase in gains from sales of single-family held-for-sale loans and available-for-sale securities.

Investment Gains
(Dollars in Billions)

Providing Liquidity and Support to the Market

Fannie Mae's mission is to provide a stable source of liquidity to support housing for low-and moderate-income Americans. In 2019, more than 90% of the multifamily units the company financed were affordable to families earning at or below 120% of the area median income, providing support for both affordable and workforce housing.

Fannie Mae provided more than $650 billion in liquidity to the mortgage market in 2019, including approximately $207 billion in liquidity in the fourth quarter of 2019. Through its purchases and guarantees of mortgage loans in 2019, Fannie Mae acquired approximately 2.3 million single-family mortgage loans. Fannie Mae also financed approximately 726,000 units of multifamily housing in 2019, including approximately 178,000 in the fourth quarter of 2019.



Business Segments

Fannie Mae's two reportable business segments—Single-Family and Multifamily—engage in complementary business activities to provide liquidity, access to credit, and affordability in all U.S. housing markets at all times, while effectively managing risk.

Single-Family Business

(Dollars in millions)	4Q19	3Q19	Variance	2019	2018	Variance
Net interest income	**$ 5,071**	$ 4,484	$ 587	**$ 18,013**	$ 18,162	$ (149)
Fee and other income	**103**	156	(53)	**453**	450	3
Net revenues	**5,174**	4,640	534	**18,466**	18,612	(146)
Investment gains, net	**880**	198	682	**1,589**	850	739
Fair value gains (losses), net	**148**	(719)	867	**(2,216)**	1,210	(3,426)
Administrative expenses	**(666)**	(634)	(32)	**(2,565)**	(2,631)	66
Credit-related income	**124**	1,747	(1,623)	**3,515**	2,709	806
TCCA fees	**(626)**	(613)	(13)	**(2,432)**	(2,284)	(148)
Other expenses, net	**(482)**	(424)	(58)	**(1,661)**	(1,012)	(649)
Income before federal income taxes	**4,552**	4,195	357	**14,696**	17,454	(2,758)
Provision for federal income taxes	**(734)**	(872)	138	**(2,859)**	(3,708)	849
Net income	**$ 3,818**	$ 3,323	$ 495	**$ 11,837**	$ 13,746	$ (1,909)
Serious delinquency rate	**0.66 %**	**0.68 %**				

Financial Results

- Single-Family net income was $3.8 billion in the fourth quarter of 2019, compared with $3.3 billion in the third quarter of 2019. The increase in net income in the fourth quarter was driven primarily by:
  - higher net interest income driven primarily by higher amortization income in the fourth quarter, resulting from increased mortgage prepayment rates;
  - an increase in investment gains driven primarily by an increase in gains from sales of single-family held-for-sale loans and available-for-sale securities; and
  - fair value gains in the fourth quarter compared to fair value losses in the third quarter, driven by increases in interest rates in the fourth quarter.
  - The increase in net income was partially offset by a decrease in credit-related income in the fourth quarter driven primarily by a benefit in the third-quarter due to the company's enhancement of the its single-family loan loss allowance model.
- For the year, single-family net income was $11.8 billion, compared with $13.7 billion in 2018. The decrease in single-family net income in 2019 was driven primarily by a shift to fair value losses in 2019 from fair value gains in 2018 as a result of decreasing interest rates throughout most of 2019.

Business Highlights

- The average single-family conventional guaranty book of business increased by $21.6 billion during the fourth quarter of 2019, while the average charged guaranty fee, net of Temporary Payroll Tax Cut Continuation Act of 2011 (TCCA) fees, on the single-family conventional guaranty book remained relatively flat at 44 basis points compared with the third quarter of 2019.
- Changes to Fannie Mae's Desktop Underwriter® eligibility guidelines to further limit risk layering improved the credit profile of the company's new acquisitions in 2019, particularly with respect to loans with debt-to-income (DTI) ratios above 45%. The updates to Desktop Underwriter and a higher percentage of refinance acquisitions decreased the share of acquisitions with DTI ratios above 45% from 25% in 2018 to 19% in 2019.

- The single-family serious delinquency rate was 0.66% as of December 31, 2019, a decrease from 0.76% as of December 31, 2018. Single-family seriously delinquent loans are loans that are 90 days or more past due or in the foreclosure process.

Multifamily Business

(Dollars in millions)	4Q19	3Q19	Variance	2019	2018	Variance
Net interest income	**$ 779**	$ 745	$ 34	**$ 2,949**	$ 2,789	$ 160
Fee and other income	**198**	246	(48)	**723**	529	194
Net revenues	**977**	991	(14)	**3,672**	3,318	354
Fair value losses, net	**(64)**	6	(70)	**2**	(89)	91
Administrative expenses	**(120)**	(115)	(5)	**(458)**	(428)	(30)
Credit-related income (expense)	**4**	14	(10)	**(19)**	(17)	(2)
Other income (expense)	**(119)**	(92)	(27)	**(316)**	(139)	(177)
Income before federal income taxes	**678**	804	(126)	**2,881**	2,645	236
Provision for federal income taxes	**(131)**	(164)	33	**(558)**	(432)	(126)
Net income	**$ 547**	$ 640	$ (93)	**$ 2,323**	$ 2,213	$ 110
Serious delinquency rate	**0.04 %**	0.06 **%**				

Financial Results

- Multifamily net income was $547 million in the fourth quarter of 2019, compared with $640 million in the third quarter of 2019. The decrease in net income in the fourth quarter of 2019 was due primarily to:
  - a decrease in fee and other income resulting from a decrease in prepayment volume; and
  - fair value losses in the fourth quarter compared with fair value gains in the third quarter, driven primarily by losses on commitments as a result of rising interest rates during commitment periods in the fourth quarter;
  - partially offset by an increase in guaranty fee revenue as the multifamily book grew during the quarter.
- Multifamily net income was $2.3 billion in 2019, compared with $2.2 billion in 2018. The increase in multifamily net income in 2019 was attributable primarily to an increase in yield maintenance revenue driven by higher prepayment volumes and an increase in guaranty fee income as a result of growth on the company’s multifamily guaranty book of business, partially offset by a decrease in charged guaranty fees on the multifamily guaranty book.

Business Highlights

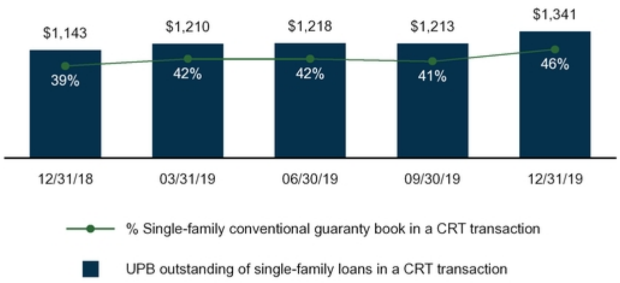
- The average multifamily guaranty book of business increased by approximately $8 billion during the fourth quarter of 2019 to $334 billion, while the average charged guaranty fee on the multifamily book remained relatively flat at 72 basis points compared with the third quarter of 2019.
- New multifamily business volume was $18 billion in the fourth quarter of 2019. On September 13, 2019, the Federal Housing Finance Agency’s (FHFA) revised the multifamily business volume cap structure setting a $100 billion cap for the five-quarter period ending December 31, 2020. Approximately $82 billion of new business capacity remains under the revised cap structure.
- The multifamily serious delinquency rate was 0.04% as of December 31, 2019, a decrease from 0.06% as of December 31, 2018. Multifamily seriously delinquent loans are loans that are 60 days or more past due.

Credit Risk Transfer Transactions

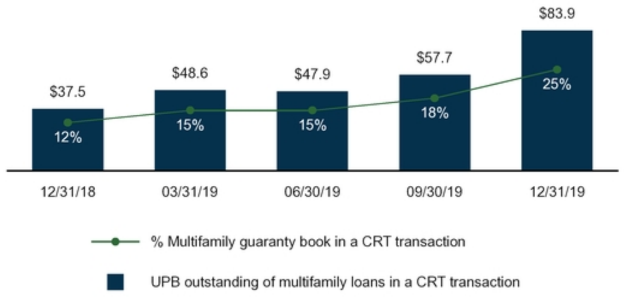
Fannie Mae continues to support the growth of the credit risk transfer market and expand the types of loans covered by its credit risk transfer structures. Fannie Mae enters into credit-risk transfer transactions when it is economically advantageous to do so. Because they reduce credit risk, the company's credit-risk transfer transactions and other credit enhancements also help the company manage capital. For single-family loans, the company offers Fannie Mae's benchmark Connecticut Avenue Securities® (CAS) REMIC™ transactions and its Credit Insurance Risk Transfer™ (CIRT™) transactions. In the fourth quarter of 2019, Fannie Mae began obtaining credit protection on single-family reference pools containing seasoned loans, including loans made under the company's Refi Plus™ program and the Home Affordable Refinance Program. For multifamily mortgages, nearly 100% of the company's new multifamily business volume in 2019 had lender risk-sharing, primarily through the company's Delegated Underwriting and Servicing (DUS®) program, as in prior years. To complement the company's front-end lender loss sharing program through DUS, Fannie Mae also engages in back-end credit risk transfer transactions through its multifamily CIRT transactions and through Multifamily Connecticut Avenue Securities (MCAS™) transactions. Fannie Mae completed its first MCAS transaction in the fourth quarter of 2019.

Fannie Mae continually evaluates loans in its single-family guaranty book of business without credit enhancement to determine whether it makes economic sense to include them in a future CAS or CIRT transaction. The company targets over 90% of acquisitions in the following loan categories for credit risk transfer transactions: fixed-rate single-family conventional loans with terms greater than 20 years that meet certain additional, minimum criteria; loans that are non-Refi Plus; and loans with LTV ratios between 60% and 97%. This criteria covers over 60% of the company's recent single-family acquisitions. Loans are generally included in reference pools for CAS and CIRT transactions on a lagged basis. In recent years, Fannie Mae has shortened this lag for a majority of target loans to typically less than six months after the company initially acquires the loans. The portion of the company's single-family loan acquisitions it includes in credit risk transfer transactions can vary from period to period based on market conditions and other factors. Fannie Mae also is evaluating its seasoned loan portfolio, which includes loans that were initially acquired prior to the start of our CAS and CIRT programs, for inclusion in these transactions.

Single-Family Credit Risk Transfer
(Dollars in Billions)



Multifamily Credit Risk Transfer
(Dollars in Billions)



Treasury Housing Reform Plan

On September 5, 2019, Treasury released a plan recommending administrative and legislative reforms to the housing finance system. The Treasury Housing Reform Plan recommends ending Fannie Mae's conservatorship, considering additional restrictions and requirements on Fannie Mae's business, and many other matters.

For more information on Treasury's Housing Reform Plan and risks associated with the plan, as well as the letter agreement with Treasury, see "Business—Conservatorship, Treasury Agreements and Housing Finance Reform" and "Risk Factors" in the company's 2019 Form 10-K.

Net Worth, Treasury Funding, and Senior Preferred Stock Dividends

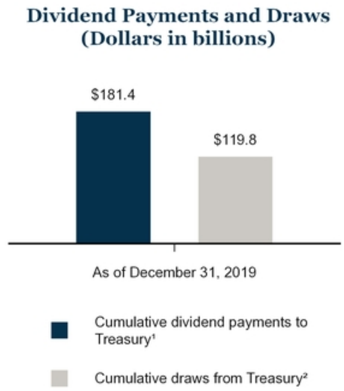
Treasury has made a commitment under a senior preferred stock purchase agreement to provide funding to Fannie Mae under certain circumstances if the company has a net worth deficit. Pursuant to this agreement and the senior preferred stock Fannie Mae issued to Treasury in 2008, the company paid dividends to Treasury on the senior preferred stock on a quarterly basis for every dividend period for which dividends were payable since the company entered conservatorship in 2008.

On September 27, 2019, Fannie Mae and Treasury entered into a letter agreement modifying the terms of the senior preferred stock held by Treasury to permit Fannie Mae to retain up to $25 billion in capital, effective with the third quarter 2019 dividend period. The letter agreement also provides that the liquidation preference of the senior preferred stock increases at the end of each quarter by the increase, if any, in Fannie Mae's net worth during the immediately prior fiscal quarter, until the liquidation preference has increased by $22 billion pursuant to this provision.

Under the terms of the senior preferred stock, Fannie Mae will not owe dividends to Treasury until it has accumulated over $25 billion in net worth as of the end of a quarter. Accordingly, no dividends were payable to Treasury for the fourth quarter of 2019, and none are payable for the first quarter of 2020. As of December 31, 2019, Fannie Mae's net worth was $14.6 billion.

Changes in the company's net worth can be significantly impacted by market conditions that affect its net interest income, fluctuations in the estimated fair value of the company's derivatives and other financial instruments that the company marks to market through its earnings, developments that affect the company's loss reserves such as changes in interest rates, home prices or accounting standards, or events such as natural disasters, and other factors, as the company discusses in "Risk Factors" and " MD&A—Consolidated Results of Operations" in the company's 2019 Form 10-K.

The charts below show information about Fannie Mae's net worth, the remaining amount of Treasury's funding commitment to Fannie Mae, senior preferred stock dividends the company has paid Treasury, and funds the company has drawn from Treasury pursuant to its funding commitment.



(1) Aggregate amount of dividends the company has paid to Treasury on the senior preferred stock from 2008 through December 31, 2019. Under the terms of the senior preferred stock purchase agreement, dividend payments the company makes to Treasury do not offset its draws of funds from Treasury.

(2) Aggregate amount of funds the company has drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through December 31, 2019.

The aggregate liquidation preference of the senior preferred stock increased from $127.2 billion as of September 30, 2019 to $131.2 billion as of December 31, 2019 due to the increase in our net worth during the third quarter of 2019. The aggregate liquidation preference of the senior preferred stock will further increase to $135.4 billion as of March 31, 2020 due to the increase in our net worth during the fourth quarter of 2019.

For a description of the terms of the senior preferred stock purchase agreement and the senior preferred stock, see "Business—Conservatorship, Treasury Agreements and Housing Finance Reform" in the company's 2019 Form 10-K.

Fannie Mae's financial statements for the full year of 2019 are available in the accompanying Annex; however, investors and interested parties should read the company's 2019 Form 10-K for a discussion of its financial results and condition, credit performance, and other matters. The Form 10-K was filed today with the Securities and Exchange Commission and is available on Fannie Mae's website, www.fanniemae.com. Additional information about the company's credit performance, the characteristics of its guaranty book of business, its foreclosure-prevention efforts, and other measures is contained in the "Q4 and Full Year 2019 Financial Supplement" at www.fanniemae.com.

# # #

In this release, the company has presented a number of estimates, forecasts, expectations, and other forward-looking statements, including statements regarding: the stability of the company's guaranty books and strength of its business fundamentals; the liquidity the company will provide; the company's housing goals performance; the company's future guaranty fees, expenses, retained earnings and capital; other measures of the company's future profitability, financial condition, and results of operations and the factors that will affect them; the company's work to implement hedge accounting and the impact of that work; the company's future dividend payments to Treasury; the future liquidation preference of the senior preferred stock; and the company's plans relating to and the effects of the company's credit risk transfer transactions.

These estimates, forecasts, expectations, and statements are forward-looking statements based on the company's current assumptions regarding numerous factors. Actual results, and future projections, could be materially different from what is set forth in the forward-looking statements as a result of: the uncertainty of the company's future; future legislative or regulatory requirements or changes that have a significant impact on the company's business, such as the enactment of housing finance reform legislation (including all or any portion of the Treasury Housing Reform Plan), including changes that limit the company's business activities or footprint; home price changes; interest rate and credit spread changes; macroeconomic factors such as U.S. gross domestic product, unemployment rates, personal income, and the volume of mortgage originations; the size and the company's share of the U.S. mortgage market and the factors that affect them, including population growth and household formation; the company's future serious delinquency rates; the company's and its competitors' future guaranty fee pricing and the impact of that pricing on the company's guaranty fee revenues and competitive environment; credit availability; changes in borrower behavior; the effectiveness of its loss mitigation strategies; significant changes in modification and foreclosure activity; the volume and pace of future nonperforming and reperforming loan sales and their impact on the company's results and serious delinquency rates; the effectiveness of its management of its real estate owned inventory and pursuit of contractual remedies; changes in the fair value of its assets and liabilities; the company's reliance on Common Securitization Solutions, LLC (CSS) and the common securitization platform for the operation of a majority of its single-family securitization activities; the stability and adequacy of the systems and infrastructure that impact the company's operations, including the company's and those of CSS, its other counterparties and other third parties on which the business relies; actions by FHFA, Treasury, the Department of Housing and Urban Development, the Consumer Financial Protection Bureau or other regulators, or Congress, that affect the company's business, including new capital requirements that become applicable to the company or changes in the ability-to-repay rule to replace the qualified mortgage patch for GSE-eligible loans; the size, composition and quality of the company's guaranty book of business and retained mortgage portfolio; the competitive landscape in which the company operates, including the impact of legislative or other developments on levels of competition in its industry and other factors affecting its market share; the life of the loans in the company's guaranty book of business; the company's reliance on and future updates it makes to its models, including the assumptions used by these models; changes in generally accepted accounting principles; changes to the company's accounting policies; effects from activities the company takes to support the mortgage market and help borrowers; the company's future objectives and activities in support of those objectives, including actions the company may take to reach additional underserved creditworthy borrowers; actions the company may be required to take by FHFA, in its role as the company's conservator or as its regulator, such as changes in the type of business the company does; limitations on the company's business imposed by FHFA, in its role as the company's conservator or as its regulator; the conservatorship, including any changes to or termination (by receivership or otherwise) of the conservatorship and its effect on the company's business; the investment by Treasury, including potential changes to the terms of the senior preferred stock purchase agreement or senior preferred stock, and its effect on the company's business, including restrictions imposed on the company by the terms of the senior preferred stock purchase agreement, the senior preferred stock and Treasury's warrant, as well as the possibility that these or other restrictions on the company's business and activities may be applied to the company through other mechanisms even if the company ceases to be subject to these agreements and instruments; the possibility that future changes in leadership at FHFA or the Administration may result in changes in FHFA's or Treasury's willingness to pursue the administrative reform recommendations in the Treasury plan; challenges the company faces in retaining and hiring qualified executives and other employees; the deteriorated credit performance of many loans in the company's guaranty book of business; a decrease in the company's credit ratings; defaults by one or more institutional counterparties; resolution or settlement agreements the company may enter into with its counterparties; the impact of increasing interdependence between the single-family mortgage securitization programs of Fannie Mae and Freddie Mac in connection with uniform mortgage-backed securities; operational control weaknesses; changes in the fiscal and monetary policies of the Federal Reserve; changes in the structure and regulation of the financial services industry; the company's ability to access the debt markets; changes in the demand for Fannie Mae MBS; disruptions or instability in the housing and credit markets; uncertainties relating to the potential phasing out of LIBOR, or other market changes that could impact the loans the company owns or guarantees or its MBS; the company's need to rely on third parties to fully achieve some of its corporate objectives; the company's reliance on mortgage servicers; domestic and global political risks and uncertainties; natural disasters, environmental disasters, terrorist attacks, pandemics, or other major disruptive events; cyber attacks or other information security breaches or threats; and many other factors, including those discussed in the "Risk Factors" and "Forward-Looking Statements" sections of and elsewhere in the company's annual report on Form 10-K for the year ended December 31, 2019, and elsewhere in this release.

Fannie Mae provides website addresses in its news releases solely for readers' information. Other content or information appearing on these websites is not part of this release.

Fannie Mae helps make the 30-year fixed-rate mortgage and affordable rental housing possible for millions of Americans. We partner with lenders to create housing opportunities for families across the country. We are driving positive changes in housing finance to make the home buying process easier, while reducing costs and risk. To learn more, visit fanniemae.com and follow us on twitter.com/fanniemae.

ANNEX
FANNIE MAE
(In conservatorship)
Consolidated Balance Sheets
(Dollars in millions)

	As of December 31,	
	2019	**2018**
ASSETS		
Cash and cash equivalents	**$ 21,184**	$ 25,557
Restricted cash (includes $33,294 and $17,849, respectively, related to consolidated trusts)	**40,223**	23,866
Federal funds sold and securities purchased under agreements to resell or similar arrangements	**13,578**	32,938
Investments in securities:		
Trading, at fair value (includes $3,037 and $3,061, respectively, pledged as collateral)	**48,123**	41,867
Available-for-sale, at fair value	**2,404**	3,429
Total investments in securities	**50,527**	45,296
Mortgage loans:		
Loans held for sale, at lower of cost or fair value	**6,773**	7,701
Loans held for investment, at amortized cost:		
Of Fannie Mae	**94,911**	113,039
Of consolidated trusts	**3,241,494**	3,142,858
Total loans held for investment (includes $7,825 and $8,922, respectively, at fair value)	**3,336,405**	3,255,897
Allowance for loan losses	**(9,016)**	(14,203)
Total loans held for investment, net of allowance	**3,327,389**	3,241,694
Total mortgage loans	**3,334,162**	3,249,395
Deferred tax assets, net	**11,910**	13,188
Accrued interest receivable, net (includes $8,172 and $7,928, respectively, related to consolidated trusts)	**8,604**	8,490
Acquired property, net	**2,366**	2,584
Other assets	**20,765**	17,004
Total assets	**$ 3,503,319**	$ 3,418,318
LIABILITIES AND EQUITY		
Liabilities:		
Accrued interest payable (includes $9,361 and $9,133, respectively, related to consolidated trusts)	**$ 10,228**	$ 10,211
Debt:		
Of Fannie Mae (includes $5,687 and $6,826, respectively, at fair value)	**182,247**	232,074
Of consolidated trusts (includes $21,880 and $23,753, respectively, at fair value)	**3,285,139**	3,159,846
Other liabilities (includes $376 and $356, respectively, related to consolidated trusts)	**11,097**	9,947
Total liabilities	**3,488,711**	3,412,078
Commitments and contingencies (Note 16)	**—**	—
Fannie Mae stockholders' equity:		
Senior preferred stock (liquidation preference of $131,178 and $123,836, respectively)	**120,836**	120,836
Preferred stock, 700,000,000 shares are authorized—555,374,922 shares issued and outstanding	**19,130**	19,130
Common stock, no par value, no maximum authorization—1,308,762,703 shares issued and 1,158,087,567 shares outstanding	**687**	687
Accumulated deficit	**(118,776)**	(127,335)
Accumulated other comprehensive income	**131**	322
Treasury stock, at cost, 150,675,136 shares	**(7,400)**	(7,400)
Total stockholders' equity (See Note 1: *Senior Preferred Stock Purchase Agreement, Senior Preferred Stock and Warrant* for information on the related dividend obligation and liquidation preference)	**14,608**	6,240
Total liabilities and equity	**$ 3,503,319**	$ 3,418,318

See Notes to Consolidated Financial Statements in 2019 Form 10-K

FANNIE MAE
(In conservatorship)
Consolidated Statements of Operations and Comprehensive Income
(Dollars in millions, except per share amounts)

	For the Year Ended December 31,		
	2019	2018	2017
Interest income:			
Trading securities	**$ 1,627**	$ 1,336	$ 706
Available-for-sale securities	**175**	230	335
Mortgage loans	**116,764**	114,605	108,319
Federal funds sold and securities purchased under agreements to resell or similar arrangements	**843**	742	373
Other	**163**	136	123
Total interest income	**119,572**	117,049	109,856
Interest expense:			
Short-term debt	**(501)**	(468)	(250)
Long-term debt	**(98,109)**	(95,630)	(88,873)
Total interest expense	**(98,610)**	(96,098)	(89,123)
Net interest income	**20,962**	20,951	20,733
Benefit for credit losses	**4,011**	3,309	2,041
Net interest income after benefit for credit losses	**24,973**	24,260	22,774
Investment gains, net	**1,770**	952	1,522
Fair value gains (losses), net	**(2,214)**	1,121	(1,211)
Fee and other income	**1,176**	979	2,227
Non-interest income	**732**	3,052	2,538
Administrative expenses:			
Salaries and employee benefits	**(1,486)**	(1,451)	(1,328)
Professional services	**(967)**	(1,032)	(933)
Other administrative expenses	**(570)**	(576)	(476)
Total administrative expenses	**(3,023)**	(3,059)	(2,737)
Foreclosed property expense	**(515)**	(617)	(521)
Temporary Payroll Tax Cut Continuation Act of 2011 (“TCCA”) fees	**(2,432)**	(2,284)	(2,096)
Other expenses, net	**(2,158)**	(1,253)	(1,511)
Total expenses	**(8,128)**	(7,213)	(6,865)
Income before federal income taxes	**17,577**	20,099	18,447
Provision for federal income taxes	**(3,417)**	(4,140)	(15,984)
Net income	**14,160**	15,959	2,463
Other comprehensive loss:			
Changes in unrealized gains on available-for-sale securities, net of reclassification adjustments and taxes	**(179)**	(344)	(206)
Other, net of taxes	**(12)**	(4)	—
Total other comprehensive loss	**(191)**	(348)	(206)
Total comprehensive income	**$ 13,969**	$ 15,611	$ 2,257
Net income	**$ 14,160**	$ 15,959	$ 2,463
Dividends distributed or amounts attributable to senior preferred stock	**(13,969)**	(12,613)	(8,944)
Net income (loss) attributable to common stockholders	**$ 191**	$ 3,346	$ (6,481)
Earnings (loss) per share:			
Basic	**$ 0.03**	$ 0.58	$ (1.12)
Diluted	**0.03**	0.57	(1.12)
Weighted-average common shares outstanding:			
Basic	**5,762**	5,762	5,762
Diluted	**5,893**	5,893	5,762

See Notes to Consolidated Financial Statements in 2019 Form 10-K

FANNIE MAE
(In conservatorship)
Consolidated Statements of Cash Flows
(Dollars in millions)

	For the Year Ended December 31,		
	2019	**2018**	**2017**
Cash flows provided by (used in) operating activities:			
Net income	**$ 14,160**	$ 15,959	$ 2,463
Reconciliation of net income to net cash provided by operating activities:			
Amortization of cost basis adjustments	**(6,002)**	(5,949)	(6,641)
Benefit for credit losses	**(4,011)**	(3,309)	(2,041)
Valuation gains	**(1,809)**	(911)	(1,573)
Current and deferred federal income taxes	**1,517**	3,680	14,369
Net gains related to the disposition of acquired property and preforeclosure sales, including credit enhancements	**(917)**	(1,785)	(2,426)
Other, net	**(98)**	440	(406)
Net change in trading securities	**(1,630)**	(5,454)	4,511
Interest payment on discounted debt	**(5,964)**	(423)	(4,043)
Net cash provided by (used in) operating activities	**(4,754)**	2,248	4,213
Cash flows provided by investing activities:			
Proceeds from maturities and paydowns of trading securities held for investment	**58**	182	1,206
Proceeds from sales of trading securities held for investment	**49**	96	241
Proceeds from maturities and paydowns of available-for-sale securities	**469**	695	2,009
Proceeds from sales of available-for-sale securities	**537**	760	1,990
Purchases of loans held for investment	**(261,808)**	(172,155)	(189,593)
Proceeds from repayments of loans acquired as held for investment of Fannie Mae	**12,508**	15,082	22,557
Proceeds from sales of loans acquired as held for investment of Fannie Mae	**17,794**	17,511	10,241
Proceeds from repayments and sales of loans acquired as held for investment of consolidated trusts	**552,135**	401,045	435,637
Advances to lenders	**(141,395)**	(108,294)	(123,687)
Proceeds from disposition of acquired property and preforeclosure sales	**7,425**	9,321	12,221
Net change in federal funds sold and securities purchased under agreements to resell or similar arrangements	**19,360**	(13,468)	10,945
Other, net	**(80)**	78	641
Net cash provided by investing activities	**207,052**	150,853	184,408
Cash flows used in financing activities:			
Proceeds from issuance of debt of Fannie Mae	**789,572**	789,355	1,034,742
Payments to redeem debt of Fannie Mae	**(834,294)**	(834,366)	(1,082,427)
Proceeds from issuance of debt of consolidated trusts	**435,235**	357,846	383,793
Payments to redeem debt of consolidated trusts	**(575,706)**	(471,151)	(514,637)
Payments of cash dividends on senior preferred stock to Treasury	**(5,601)**	(9,372)	(12,015)
Proceeds from senior preferred stock purchase agreement with Treasury	**—**	3,687	—
Other, net	**480**	63	6
Net cash used in financing activities	**(190,314)**	(163,938)	(190,538)
Net increase (decrease) in cash, cash equivalents and restricted cash	**11,984**	(10,837)	(1,917)
Cash, cash equivalents and restricted cash at beginning of period	**49,423**	60,260	62,177
Cash, cash equivalents and restricted cash at end of period	**$ 61,407**	$ 49,423	$ 60,260
Cash paid during the period for:			
Interest	**$ 121,542**	$ 110,415	$ 109,480
Income taxes	**1,900**	460	3,090
Non-cash activities:			
Net mortgage loans acquired by assuming debt	**$ 273,174**	$ 231,478	$ 258,312
Net transfers from mortgage loans of Fannie Mae to mortgage loans of consolidated trusts	**248,463**	185,310	193,809
Transfers from advances to lenders to loans held for investment of consolidated trusts	**128,272**	102,865	118,282
Net transfers from mortgage loans to acquired property	**6,681**	8,131	10,262

See Notes to Consolidated Financial Statements in 2019 Form 10-K

FANNIE MAE
(In conservatorship)
Consolidated Statements of Changes in Equity (Deficit)
(Dollars and shares in millions, except per share amounts)

	Fannie Mae Stockholders' Equity (Deficit)									
	Shares Outstanding									
	Senior Preferred	Preferred	Common	Senior Preferred Stock	Preferred Stock	Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income	Treasury Stock	Total Equity (Deficit)
Balance as of December 31, 2016	**1**	**556**	**1,158**	**$ 117,149**	**$ 19,130**	**$ 687**	**$ (124,253)**	**$ 759**	**$ (7,401)**	**$ 6,071**
Senior preferred stock dividends paid	—	—	—	—	—	—	(12,015)	—	—	(12,015)
Comprehensive income:										
Net income	—	—	—	—	—	—	2,463	—	—	2,463
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $28)	—	—	—	—	—	—	—	53	—	53
Reclassification adjustment for gains included in net income (net of taxes of $139)	—	—	—	—	—	—	—	(259)	—	(259)
Total comprehensive income										2,257
Other	—	—	—	—	—	—	—	—	1	1
Balance as of December 31, 2017	**1**	**556**	**1,158**	**$ 117,149**	**$ 19,130**	**$ 687**	**$ (133,805)**	**$ 553**	**$ (7,400)**	**$ (3,686)**
Senior preferred stock dividends paid	—	—	—	—	—	—	(9,372)	—	—	(9,372)
Increase to senior preferred stock	—	—	—	3,687	—	—	—	—	—	3,687
Comprehensive income:										
Net income	—	—	—	—	—	—	15,959	—	—	15,959
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $21)	—	—	—	—	—	—	—	(79)	—	(79)
Reclassification adjustment for gains included in net income (net of taxes of $70)	—	—	—	—	—	—	—	(265)	—	(265)
Other (net of taxes of $0)	—	—	—	—	—	—	—	(4)	—	(4)
Total comprehensive income										15,611
Reclassification related to Tax Cuts and Jobs Act	—	—	—	—	—	—	(117)	117	—	—
Balance as of December 31, 2018	**1**	**556**	**1,158**	**$ 120,836**	**$ 19,130**	**$ 687**	**$ (127,335)**	**$ 322**	**$ (7,400)**	**$ 6,240**
Senior preferred stock dividends paid	**—**	**—**	**—**	**—**	**—**	**—**	**(5,601)**	**—**	**—**	**(5,601)**
Comprehensive income:										
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**14,160**	**—**	**—**	**14,160**
Other comprehensive income, net of tax effect:										
Changes in net unrealized gains on available-for-sale securities (net of taxes of $0)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**1**	**—**	**1**
Reclassification adjustment for gains included in net income (net of taxes of $48)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(180)**	**—**	**(180)**
Other (net of taxes of $3)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(12)**	**—**	**(12)**
Total comprehensive income										**13,969**
Balance as of December 31, 2019	**1**	**556**	**1,158**	**$ 120,836**	**$ 19,130**	**$ 687**	**$ (118,776)**	**$ 131**	**$ (7,400)**	**$ 14,608**

See Notes to Consolidated Financial Statements in 2019 Form 10-K

Exhibit 99

Financial Supplement
Q4 and Full Year 2019

February 13, 2020

- Some of the terms and other information in this presentation are defined and discussed more fully in our Form 10-K for the year ended December 31, ("2019 Form 10-K"). This presentation should be reviewed together with the 2019 Form 10-K, which is available at www.fanniemae.com in the "Abou Investor Relations—SEC Filings" section. Information on or available through our website is not part of this supplement.

- Some of the information in this presentation is based upon information from third-party sources such as sellers and servicers of mortgage loans. Alth we generally consider this information reliable, we do not independently verify all reported information.

- Due to rounding, amounts reported in this presentation may not sum to totals indicated (ie. 100%), or amounts shown as 100% may not reflect the en population.

- Unless otherwise indicated, data is as of December 31 or for the full year indicated.

- Note references are to endnotes, appearing on pages 22 to 26.

- Terms used in presentation

Amortized OLTV ratio: amortized origination loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, div the home price at origination of the loan
CAS: Connecticut Avenue Securities®
CIRT™: Credit Insurance Risk Transfer™
CRT: credit risk transfer
DSCR: debt service coverage ratio
DTI ratio: Debt-to-income ("DTI") ratio refers to the ratio of a borrower's outstanding debt obligations (including both mortgage debt and certain o long-term and significant short-term debts) to that borrower's reported or calculated monthly income, to the extent the income is used to qualify for mortgage
DUS®: Fannie Mae's Delegated Underwriting and Servicing program
GDP: U.S. Gross Domestic Product
HARP®: Home Affordable Refinance Program®, registered trademarks of the Federal Housing Finance Agency, which allowed eligible Fannie Mae borrowers with high LTV ratio loans to refinance into more sustainable loans
HomeReady®: low down payment mortgage designed for creditworthy low-income borrowers. For additional information, see https://www.fanniemae.com/singlefamily/homeready
LTV ratio: loan-to-value ratio
MCAS™: Multifamily Connecticut Avenue Securities ™
MSA: metropolitan statistical area
MTMLTV ratio: mark-to-market loan-to-value ratio, which refers to the current unpaid principal balance of a loan at period end, divided by the est current home price at period end
OLTV ratio: origination loan-to-value ratio, which refers to the unpaid principal balance of a loan at the time of origination of the loan, divided by t home price at origination of the loan
Refi Plus™: our Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers
REO: real estate owned
TCCA: Temporary Payroll Tax Cut Continuation Act of 2011
UPB: unpaid principal balance

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Financial Overview

Single-Family Business

Multifamily Business

Endnotes

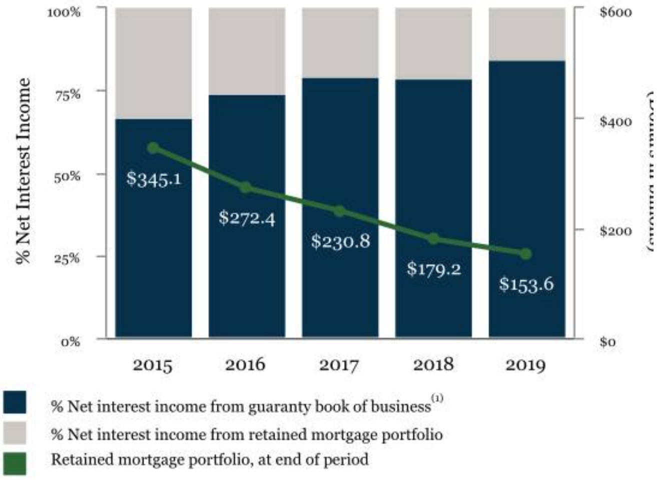
Financial Overview

Corporate Financial Highlights

Summary of 2019 Financial Results

(Dollars in millions)	2019	2018	Variance
Net interest income	**$20,962**	$20,951	$11
Fee and other income	**1,176**	979	197
Net revenues	**22,138**	21,930	208
Investment gains, net	**1,770**	952	818
Fair value gains (losses), net	**(2,214)**	1,121	(3,335)
Administrative expenses	**(3,023)**	(3,059)	36
Credit-related income			
Benefit for credit losses	**4,011**	3,309	702
Foreclosed property expense	**(515)**	(617)	102
Total credit-related income	**3,496**	2,692	804
TCCA fees	**(2,432)**	(2,284)	(148)
Other expenses, net	**(2,158)**	(1,253)	(905)
Income before federal income taxes	**17,577**	20,099	(2,522)
Provision for federal income taxes	**(3,417)**	(4,140)	723
Net income	**$14,160**	$15,959	$(1,799)
Total comprehensive income	**$13,969**	$15,611	$(1,642)

Sources of Net Interest Income and Retained Mortgage Portfolio Balance



Key Highlights

- Fannie Mae reported net income of $14.2 billion for 2019 compared with net income of $16.0 billion for 2018. The dec in our net income for 2019 was driven primarily by a shift to value losses in 2019 from fair value gains in 2018 as a result decreasing interest rates throughout most of 2019.

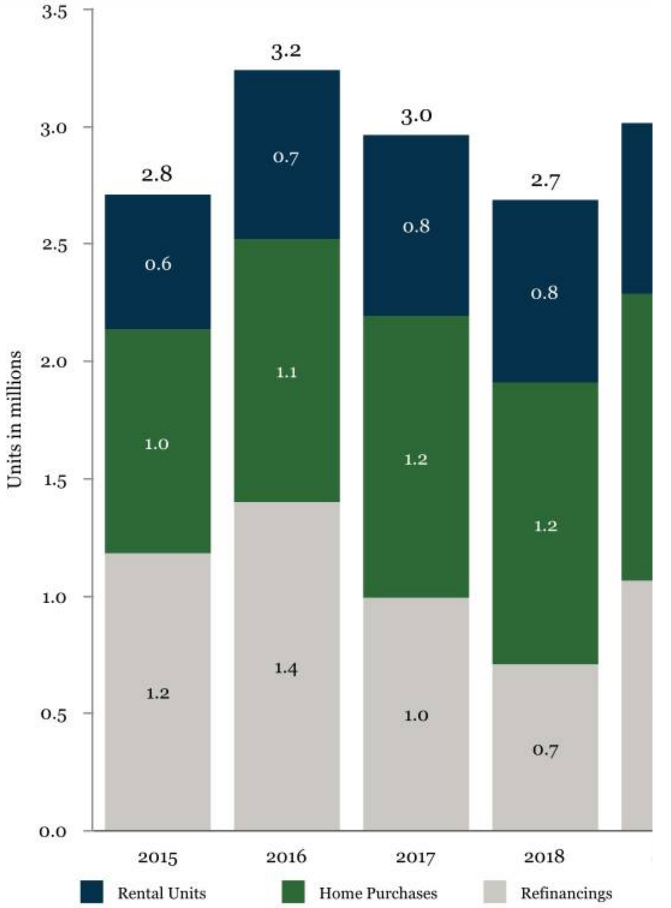
Market Liquidity

Key Highlights: Liquidity Provided In 2019

Fannie Mae provided over $650 billion in liquidity to the mortgage market in 2019 through its purchases and guarantees of mortgage loans, which enabled the financing of approximately 3 million single-family home purchases, single-family refinancings, or multifamily rental units.

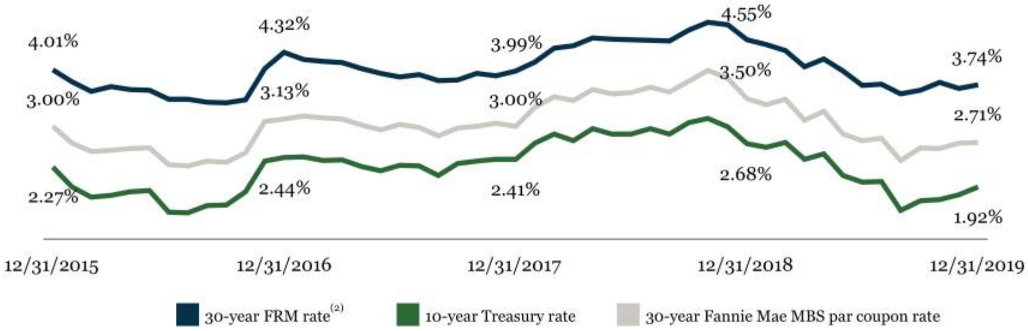
Unpaid Principal Balance	Units
$313B	1.2M Single-Family Home Purchases
$283B	1.1M Single-Family Refinancings
$70B	726K Multifamily Rental Units

Providing Liquidity to the Mortgage Marke

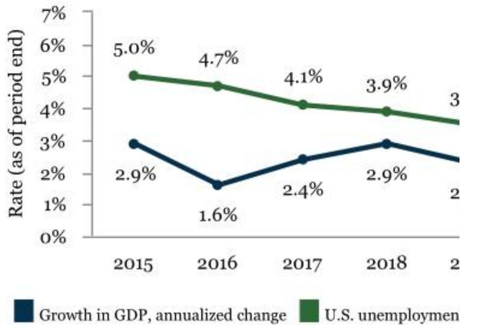


Key Market Economic Indicators

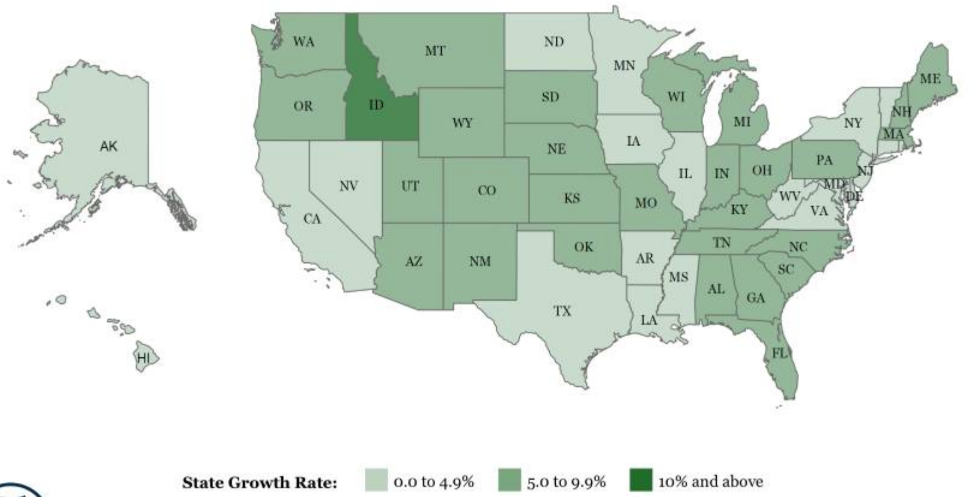
Benchmark Interest Rates



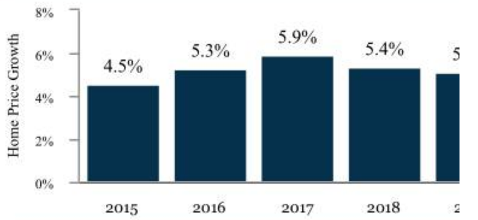
U.S. GDP Growth Rate and Unemployment Rate[3]



One Year Price Change 2019[4] United States 5.1%



Single-Family Home Price Growth Ra

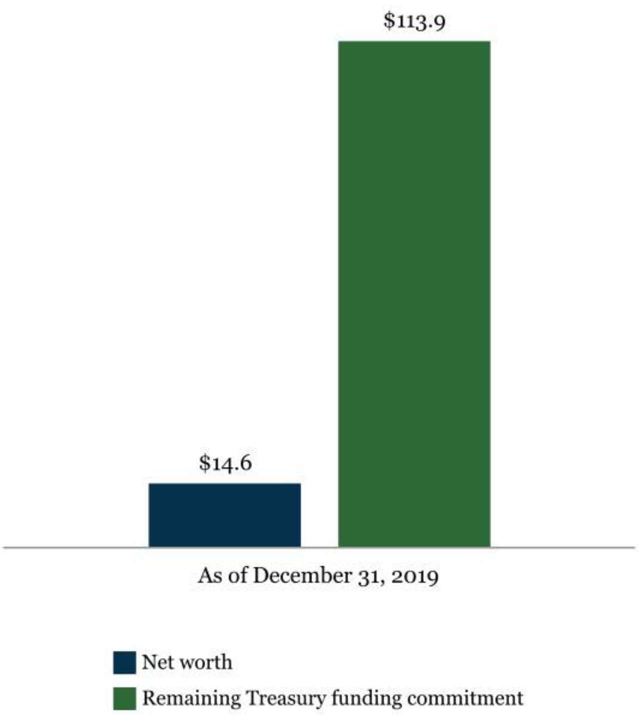


Top 10 States by UPB[4]

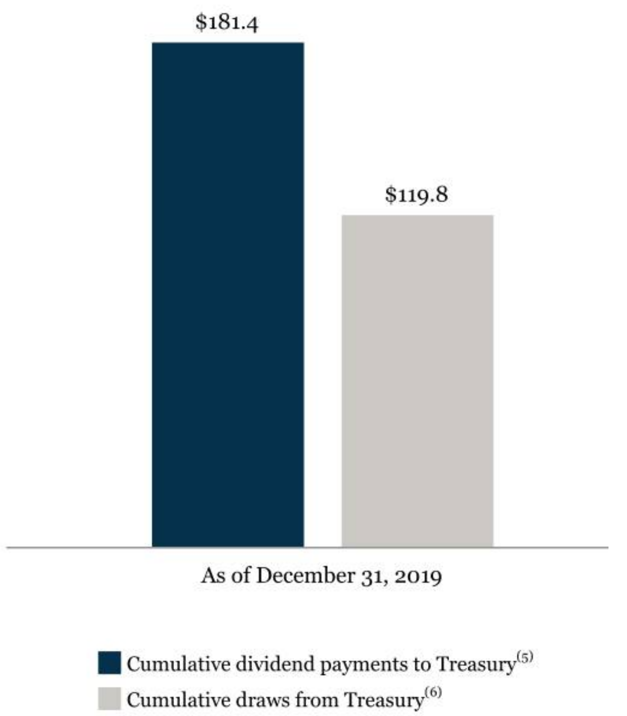
State	State Home Price Growth Rate	Share of Sing Conventional Bool
CA	3.92%	19.1
TX	3.99%	6.5
FL	5.83%	5.8
NY	4.25%	4.9
WA	6.50%	3.8
IL	2.64%	3.5
NJ	2.69%	3.5
VA	4.57%	3.4
CO	5.03%	3.2
PA	5.00%	2.9

Net Worth, Treasury Funding and Senior Preferred Stock Dividends

Net Worth and Treasury Funding Commitment (Dollars in billions)



Dividend Payments and Draws (Dollars in billions)



Single-Family Business

Single-Family Highlights

2019

$18,013M
Net interest income

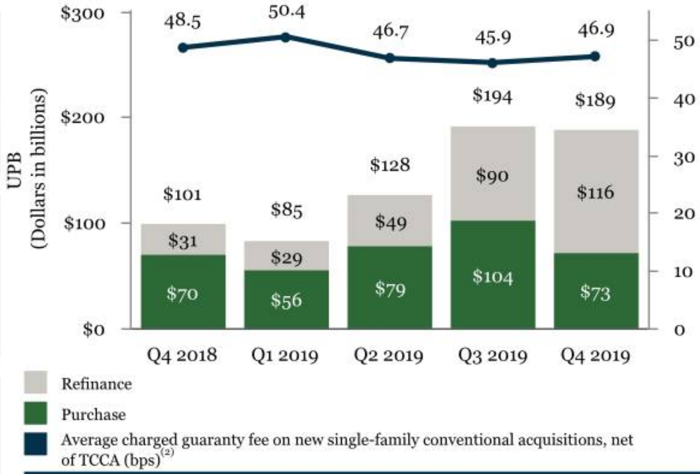
$1,589M
Investment gains, net

$(2,216)M
Fair value losses, net

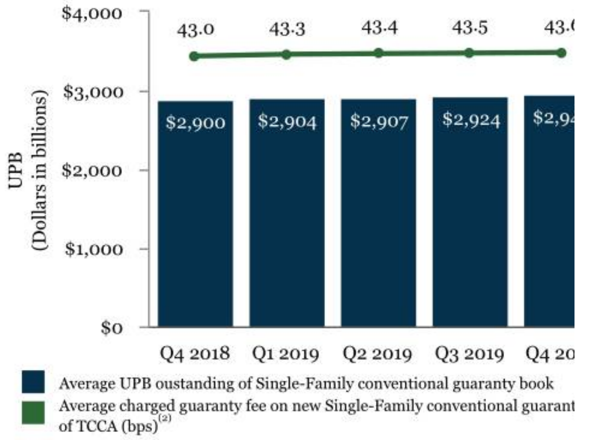
$3,515M
Credit-related income

$11,837M
Net income

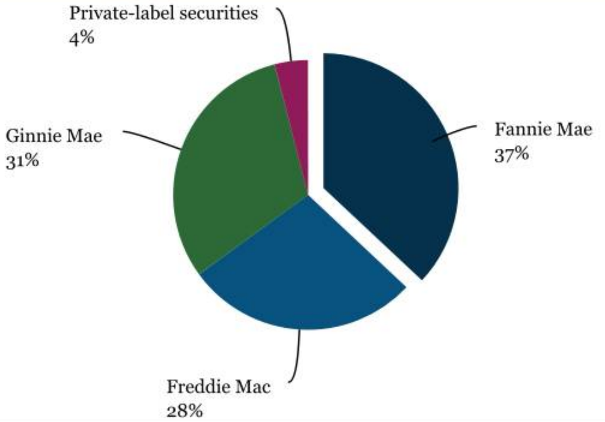
Single-Family Conventional Loan Acquisitions[1]



Single-Family Conventional Guaranty B[...] of Business[1]



2019 Market Share: New Single-Family Mortgage-Related Securities Issuances



Key Highlights

- Single-family net income was $11.8 billion in 2019 com
$13.7 billion in 2018. The decrease in single-family net
2019 was driven primarily by a shift to fair value losses
from fair value gains in 2018 as a result of decreasing in
rates throughout most of 2019.
- We made changes to credit risk transfer structures in 2
increasing our capital relief and reducing our risk. We a
obtaining credit protection on single-family reference p
containing seasoned loans, increasing the percentage o
single-family book covered by credit risk transfer, redu
capital requirements, and further reducing risk.

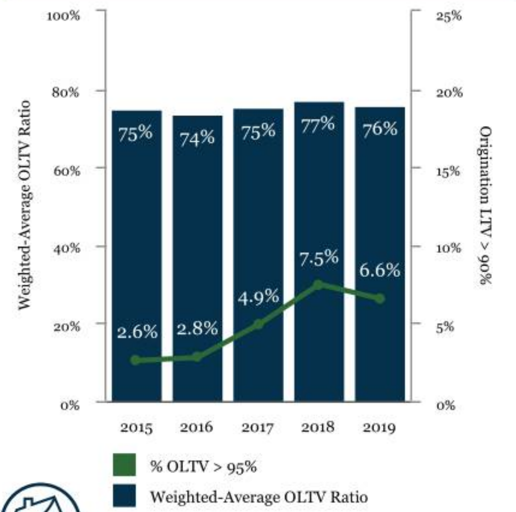
Certain Credit Characteristics of Single-Family Conventional Loan Acquisitions

Certain Credit Characteristics of Single-Family Conventional Loans by Acquisition Period

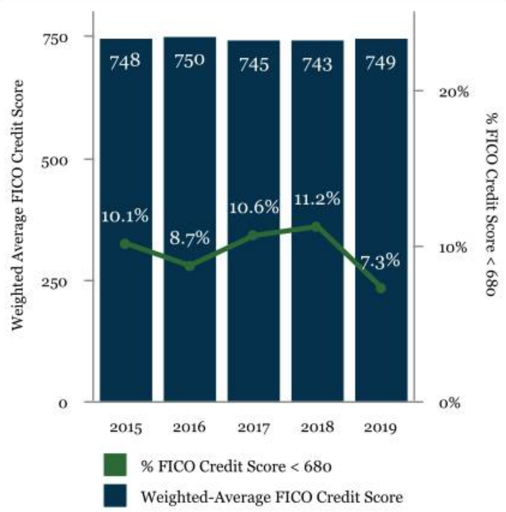
2019 Acquisition Credit Profile by Certain Loan Featu

Categories are not mutually exclusive	Q4 2018	Full Year 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Full Year 2019	OLTV Ratio >95%	Home-Ready[5]	FICO Credit Score < 680[3]
Total UPB (Dollars in billions)	$101.1	$446.1	$85.0	$128.1	$194.3	**$188.5**	**$595.9**	$39.2	$39.5	$43.4
Weighted Average OLTV Ratio	78%	77%	78%	78%	77%	**74%**	**76%**	97%	90%	75%
OLTV Ratio > 95%	9%	7%	10%	8%	7%	**4%**	**7%**	100%	39%	7%
Weighted-Average FICO® Credit Score[3]	742	743	742	746	751	**753**	**749**	736	738	656
FICO Credit Score < 680[3]	11%	11%	11%	8%	6%	**6%**	**7%**	8%	10%	100%
DTI Ratio > 43%[4]	36%	34%	35%	30%	26%	**25%**	**28%**	32%	43%	35%
Fixed-rate	99%	98%	98%	99%	100%	**99%**	**99%**	100%	100%	100%
Owner Occupied	89%	89%	90%	91%	93%	**92%**	**92%**	100%	100%	95%
HomeReady[5]	9%	7%	9%	9%	7%	**4%**	**7%**	40%	100%	9%

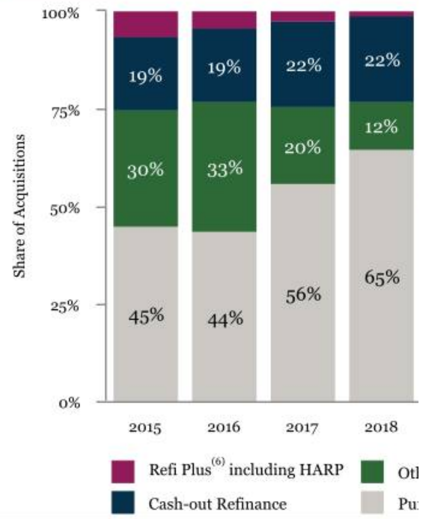
Origination Loan-to-Value Ratio



FICO Credit Score[3]



Acquisitions by Loan Purp



Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business

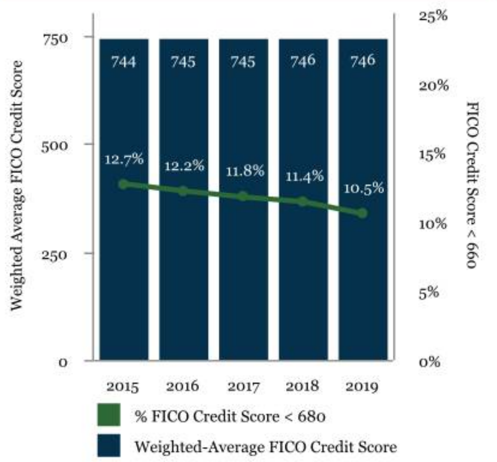
Certain Credit Characteristics of Single-Family Conventional Guaranty Book of Business by Origination Y and Loan Features(1)(7)

As of December 31, 2019

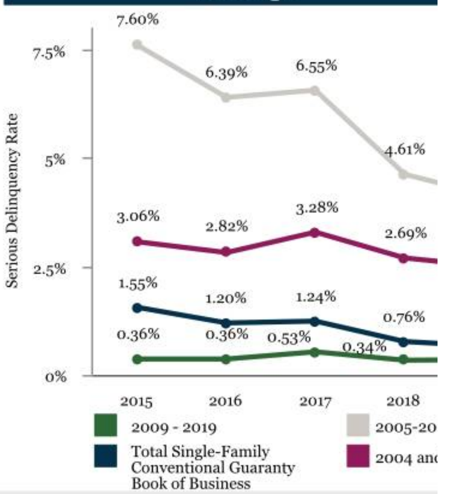
		Origination Year						Certain Loan Features			
Categories are not mutually exclusive	Overall Book	2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	OLTV Ratio > 95%	Home-Ready®(5)	FICO Credit Score < 680(3)	Refi Plus(6) Including HARP
Total UPB (Dollars in billions)	$2,951.9	$64.5	$104.9	$1,588.1	$361.9	$321.9	$510.6	$202.6	$86.6	$311.2	$279.6
Average UPB	$173,804	$70,063	$116,537	$160,296	$206,838	$213,258	$255,650	$161,585	$185,492	$142,525	$127,574
Share of Single-Family Conventional Guaranty Book	100%	2%	4%	54%	12%	11%	17%	7%	3%	11%	9%
Share of Loans with Credit Enhancement(8)	53%	6%	16%	50%	70%	78%	47%	76%	91%	46%	46%
Serious Delinquency Rate(9)	0.66%	2.48%	4.11%	0.40%	0.40%	0.36%	0.04%	1.37%	0.44%	2.57%	0.68%
Weighted-Average OLTV Ratio	76%	74%	76%	75%	76%	78%	76%	107%	90%	78%	86%
OLTV Ratio > 95%	7%	6%	9%	7%	6%	9%	7%	100%	41%	12%	30%
Amortized OLTV Ratio(10)	67%	50%	62%	62%	71%	75%	76%	96%	88%	69%	70%
Weighted-Average Mark-to-Market LTV Ratio(11)	57%	35%	57%	48%	64%	71%	75%	77%	82%	59%	50%
Weighted-Average FICO Credit Score(3)	746	700	696	752	745	741	749	725	737	647	730
FICO Credit Score < 680(3)	11%	36%	38%	9%	10%	12%	7%	19%	11%	100%	21%
Fixed-rate	98%	89%	93%	98%	98%	98%	100%	100%	100%	99%	99%

Mark-to-Market Loan-to-Value (MTMLTV) Ratio(11)

FICO Credit Score(3)

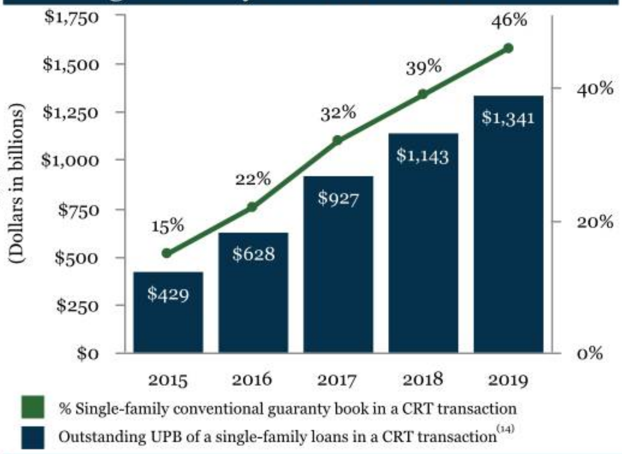


Serious Delinquency Rate b Vintage(9)



Single-Family Credit Risk Transfer

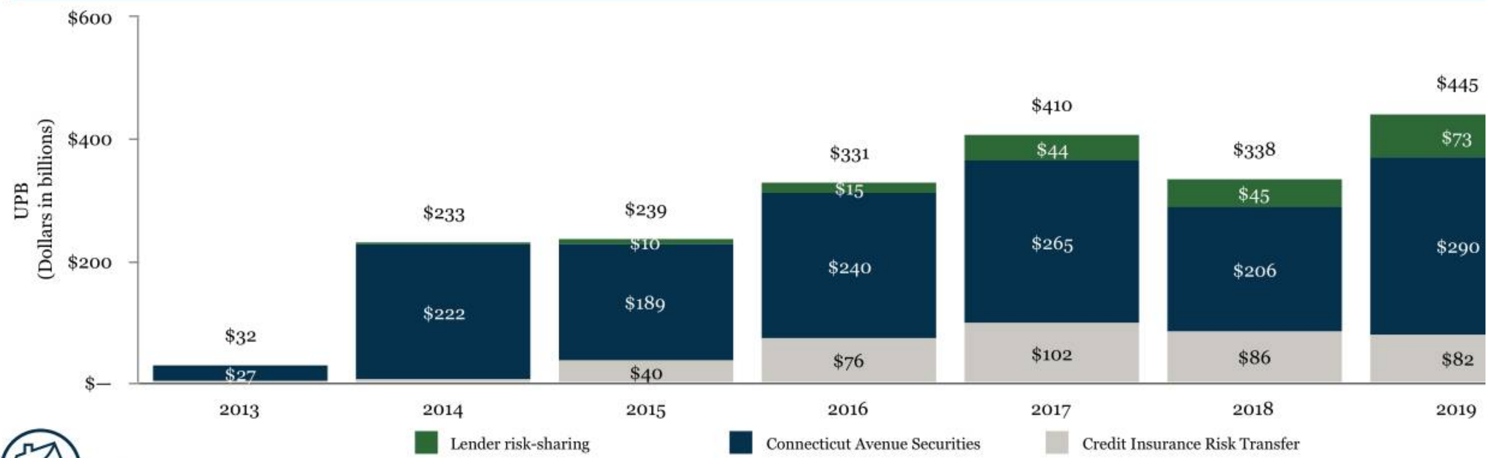
Single-Family Credit Risk Transfer



Single-Family Loans with Credit Enhancement

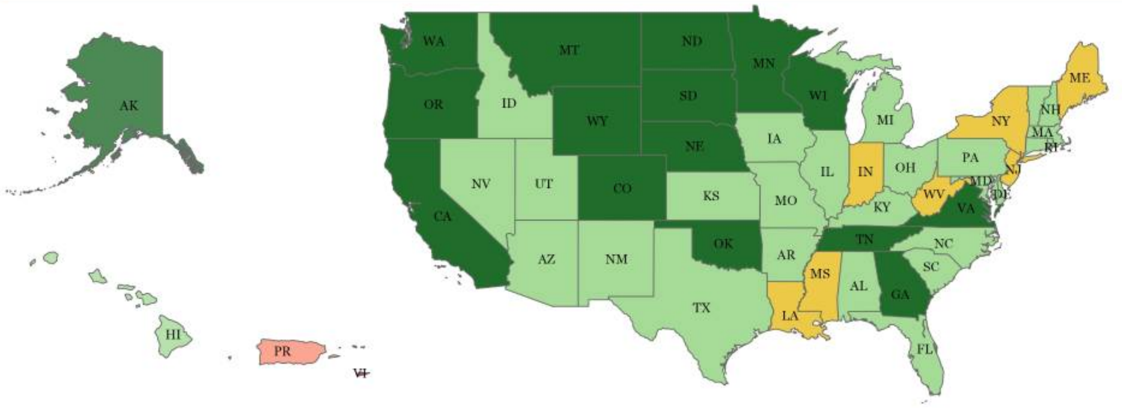
Credit Enhancement Outstanding UPB (dollars in billions)	2017 Outstanding UPB	2017 % of Book[15] Outstanding	2018 Outstanding UPB	2018 % of Book[15] Outstanding	2019 Outstanding UPB	2019 % o Out
Primary mortgage insurance & other[12]	$566	20%	$618	21%	**$653**	
Connecticut Avenue Securities[13]	$681	24%	$798	27%	**$919**	
Credit Insurance Risk Transfer[14]	$181	6%	$243	8%	**$275**	
Lender risk-sharing[13]	$65	2%	$102	4%	**$147**	
(Less: loans covered by multiple credit enhancements)	($335)	(12)%	($394)	(13)%	**($438)**	**(**
Total single-family loans with credit enhancement	$1,158	40%	$1,367	47%	**$1,556**	

Single-Family Credit Risk Transfer Issuance



Single-Family Problem Loan Statistics

Single-Family Serious Delinquency Rate by State as of December 31, 2019[9]



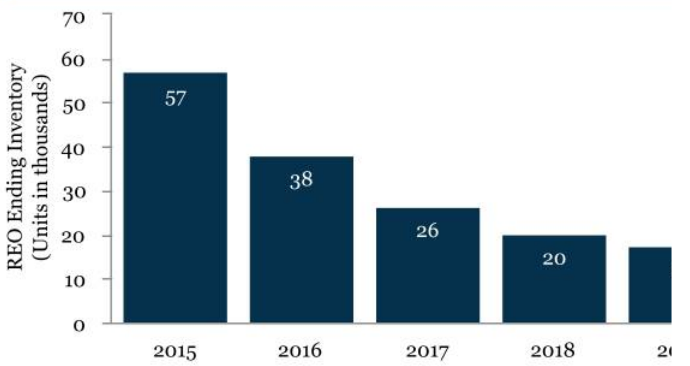
Top 10 States by UP

State	Serious Delinquency Rate[9]	Average Forec
CA	0.32%	
TX	0.56%	
FL	0.84%	
NY	1.18%	
WA	0.33%	
IL	0.91%	
NJ	1.13%	
VA	0.47%	
CO	0.24%	
PA	0.93%	

State SDQ Rate:
- Less than 0.51%
- 0.51% to 1.00%
- 1.01% to 2.00%
- 2.01% to 3.00%
- 3.01% and above

Single-Family Loan Workouts

Single-Family REO Ending Inventory

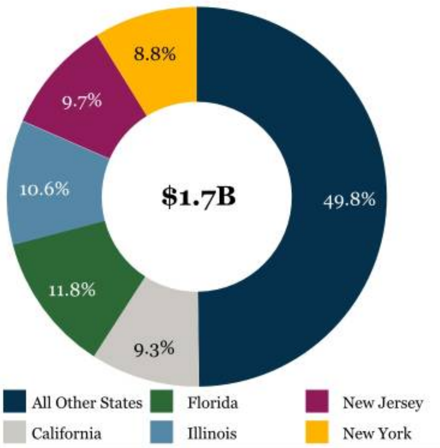


Credit Loss Concentration of Single-Family Conventional Guaranty Book of Business

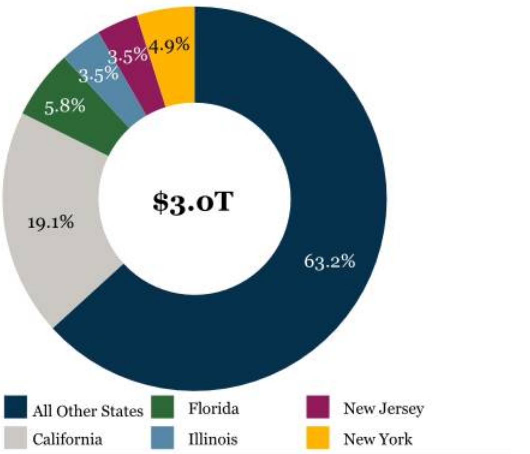
Certain Product Features Categories are not mutually exclusive	% of Single-Family Conventional Guaranty Book of Business(15) 2015	2016	2017	2018	2019	% of Single-Family Credit Losses For the Period Ended 2015	2016	2017	2018
Alt-A[20]	3.7%	3.1%	2.5%	1.9%	**1.5%**	29.3%	24.9%	21.9%	22.4%
Interest-only	2.1%	1.7%	1.2%	0.8%	**0.5%**	18.0%	12.2%	15.7%	15.4%
Origination LTV Ratio >95%	7.6%	6.9%	6.6%	6.8%	**6.9%**	11.1%	15.2%	16.9%	14.9%
FICO Credit Score < 680 and OLTV Ratio > 95%[3]	1.9%	1.7%	1.6%	1.4%	**1.3%**	6.2%	8.1%	8.7%	8.7%
FICO Credit Score < 680[3]	12.7%	12.2%	11.8%	11.4%	**10.5%**	42.5%	48.7%	45.4%	46.3%
Refi Plus including HARP	17.6%	15.4%	13.2%	11.4%	**9.5%**	7.8%	14.0%	15.9%	13.2%

Vintage	2015	2016	2017	2018	2019	2015	2016	2017	2018
2009 - 2019	85%	87%	90%	92%	**94%**	10%	19%	23%	20%
2005 - 2008	10%	8%	6%	5%	**4%**	78%	65%	65%	66%
2004 & Prior	5%	5%	4%	3%	**2%**	12%	16%	12%	14%

% of 2019 Single-Family Credit Losses by State(19)(21)

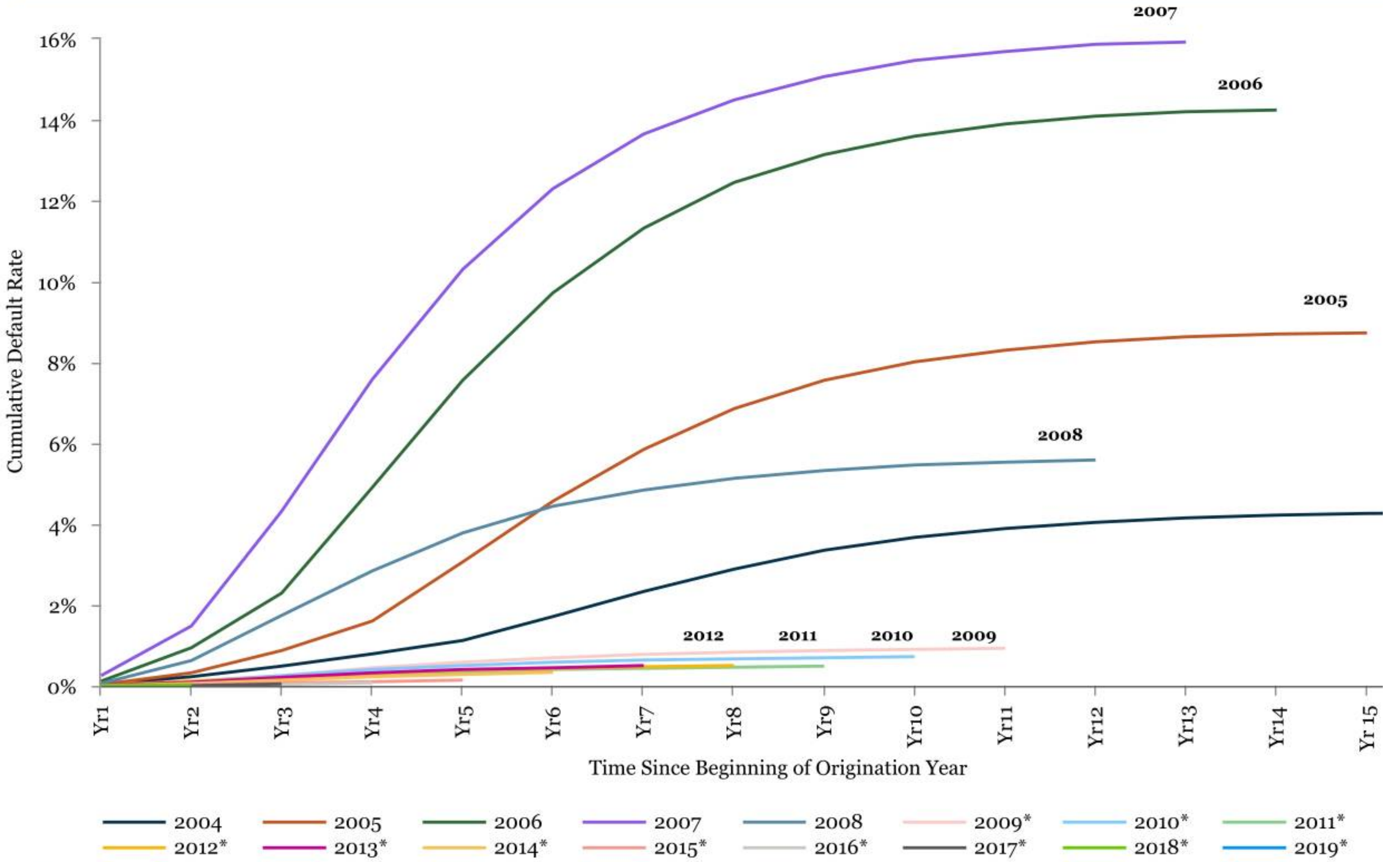


% of Single-Family Conventional Guaranty Book of Business by State as of December 31, 2019



Single-Family Cumulative Default Rates

Cumulative Default Rates of Single-Family Conventional Guaranty Book of Business by Origination Yea



* As of December 31, 2019, cumulative default rates on the loans originated in each individual year from 2009-2019 were less than 1%

Multifamily Business

Multifamily Highlights

2019

$2,949M
Net interest income

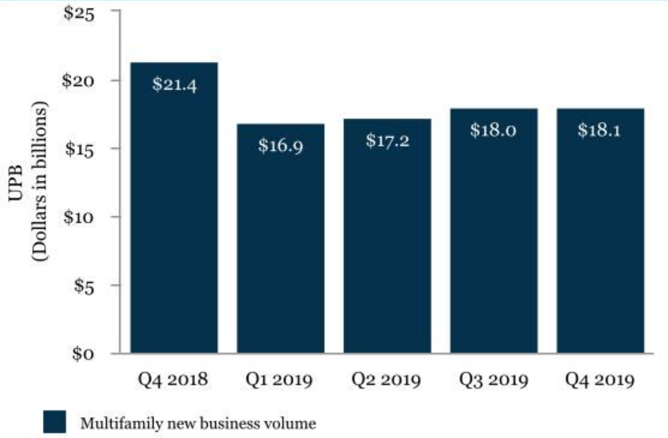
$723M
Fee and other income

$2M
Fair value gains, net

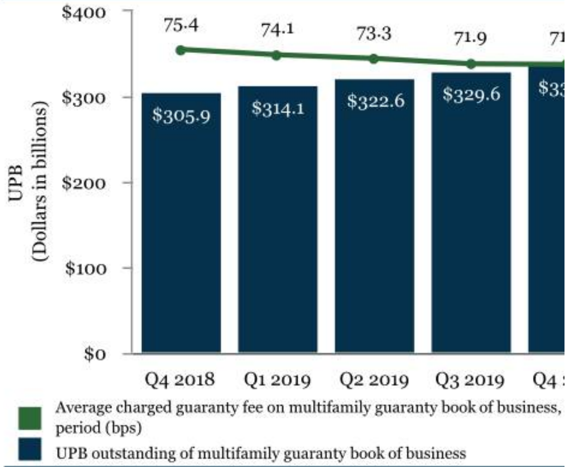
$(19)M
Credit-related expense

$2,323M
Net income

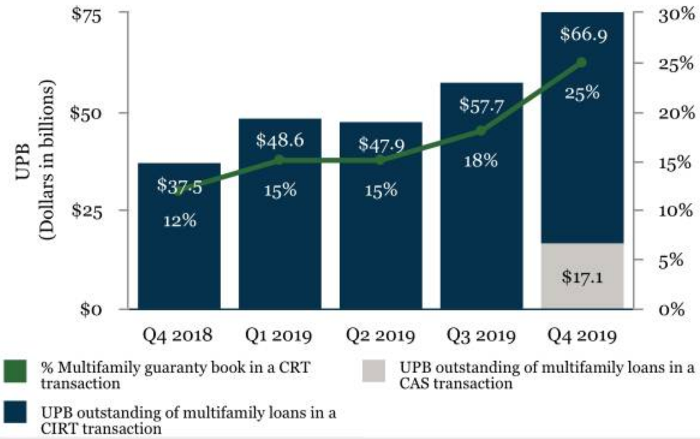
Multifamily Loan Acquisitions



Multifamily Guaranty Book of Busine



Multifamily Credit Risk Transfer



Key Highlights

- Multifamily net income was $2.3 billion in 2019, compar
$2.2 billion in 2018. The increase in net income in 2019
attributable primarily to an increase in yield maintenanc
driven by higher prepayment volumes and an increase in
fee income as a result of growth on our multifamily guar
of business, partially offset by a decrease in charged guar
on the multifamily guaranty book.

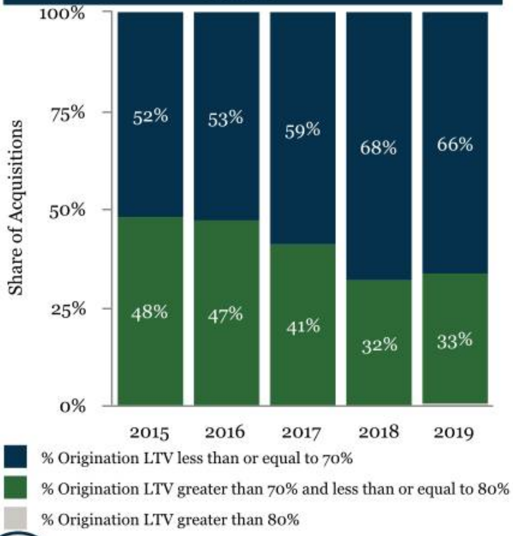
- We enhanced our multifamily risk transfer capabilities t
our first MCAS transaction in the fourth quarter of 2019
remaining committed to lender risk-sharing through our
program. These and other multifamily credit enhanceme
through 2019 have reduced our conservatorship capital
requirement for credit risk on multifamily loans acquire
by more than 70%.

Certain Credit Characteristics of Multifamily Loan Acquisitions

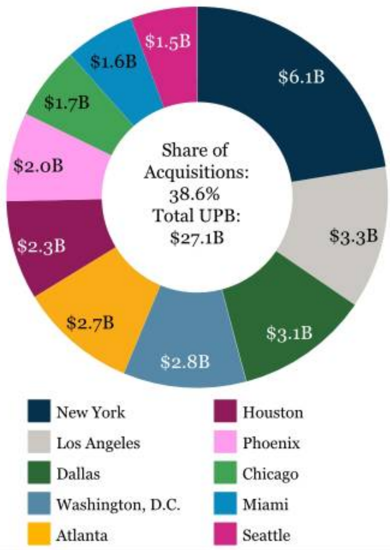
Certain Credit Characteristics of Multifamily Loans by Acquisition Period[1]

Categories are not mutually exclusive	2015	2016	2017	2018	20
Total UPB (Dollars in billions)	$42.4	$55.3	$67.1	$65.4	$7
Weighted Average OLTV Ratio	68%	68%	67%	65%	6
Loan Count	2,869	3,335	3,861	3,723	4,
% Lender Recourse[2]	99%	99%	100%	100%	10
% DUS[3]	99%	99%	98%	99%	10
% Full Interest-Only	20%	23%	26%	33%	3
Weighted Average OLTV Ratio on Full Interest-Only Acquisitions	58%	57%	58%	58%	5
Weighted Average OLTV Ratio on Non-Full Interest-Only Acquisitions	70%	71%	70%	68%	6
% Partial Interest-Only[4]	57%	60%	57%	53%	5

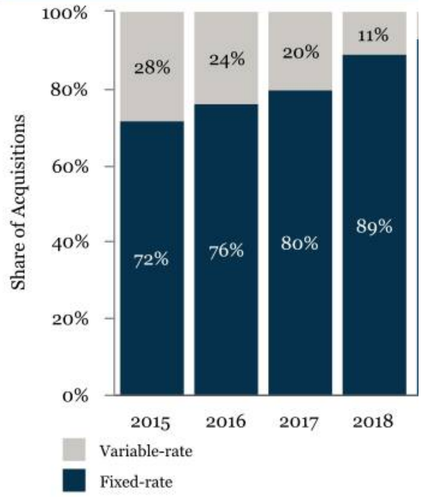
Origination Loan-to-Value Ratio[1]



Top 10 MSAs by 2019 Acquisition UPB[1]



Acquisitions by Note Type



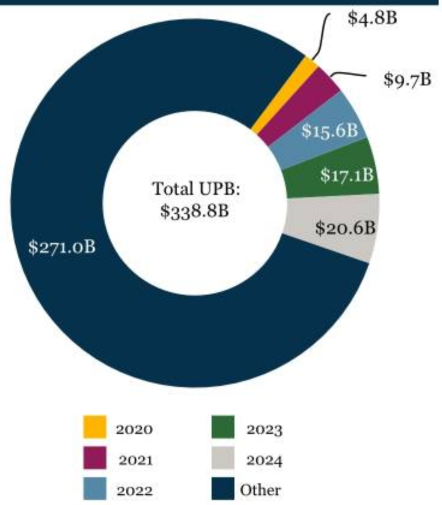
Certain Credit Characteristics of Multifamily Guaranty Book of Business

Certain Credit Characteristics of Multifamily Guaranty Book of Business by Acquisition Year, Asset Class, or Targeted Affordable Segm

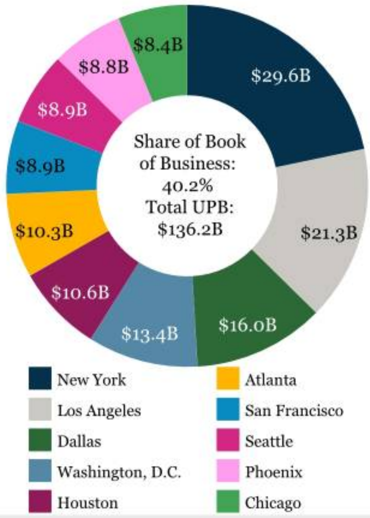
As of December 31, 2019

Categories are not mutually exclusive	Overall Book	Acquisition Year: 2004 & Earlier	2005-2008	2009-2016	2017	2018	2019	Asset Class or Targeted Affordable Segm: Conventional /Co-op[5]	Seniors Housing[5]	Student Housing[5]	Manufactured Housing[5]	Priv wit
Total UPB (Dollars in billions)	$338.8	$4.2	$6.7	$132.6	$61.1	$64.0	$70.2	$295.5	$17.4	$13.7	$12.2	
% of Multifamily Book	100%	1%	2%	39%	18%	19%	21%	87%	5%	4%	4%	
Loan Count	27,303	839	3,338	11,954	3,438	3,622	4,112	24,809	690	651	1,153	
Average UPB ($M)	$12.4	$5.0	$2.0	$11.1	$17.8	$17.7	$17.1	$11.9	$25.2	$21.1	$10.6	
Weighted Average OLTV Ratio	66%	72%	66%	67%	67%	65%	66%	66%	66%	67%	67%	
Weighted Average DSCR[7]	1.9	2.8	2.0	2.0	2.0	1.9	1.9	2.0	1.8	1.7	2.0	
% Fixed rate	88%	12%	46%	91%	85%	90%	93%	90%	63%	84%	90%	
% Full Interest-Only	27%	26%	32%	20%	28%	34%	33%	29%	12%	24%	16%	
% Partial Interest-Only[4]	51%	6%	13%	47%	56%	53%	56%	49%	54%	65%	59%	
% Small Balance Loans[8]	48%	75%	92%	50%	29%	27%	34%	49%	13%	28%	51%	
% Lender Recourse[2]	98%	97%	81%	97%	100%	100%	100%	98%	100%	99%	100%	
% DUS[3]	98%	97%	85%	98%	97%	99%	100%	98%	98%	100%	100%	
Serious Delinquency Rate[9]	0.04%	0.00%	0.23%	0.03%	0.09%	0.01%	0.00%	0.04%	0.05%	0.00%	0.00%	

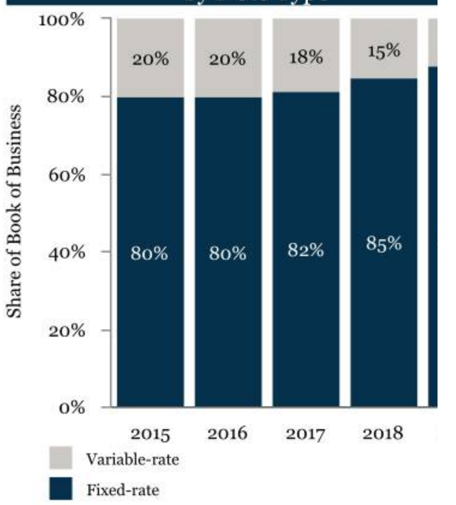
UPB by Maturity Year[1]



Top 10 MSAs by UPB[1]

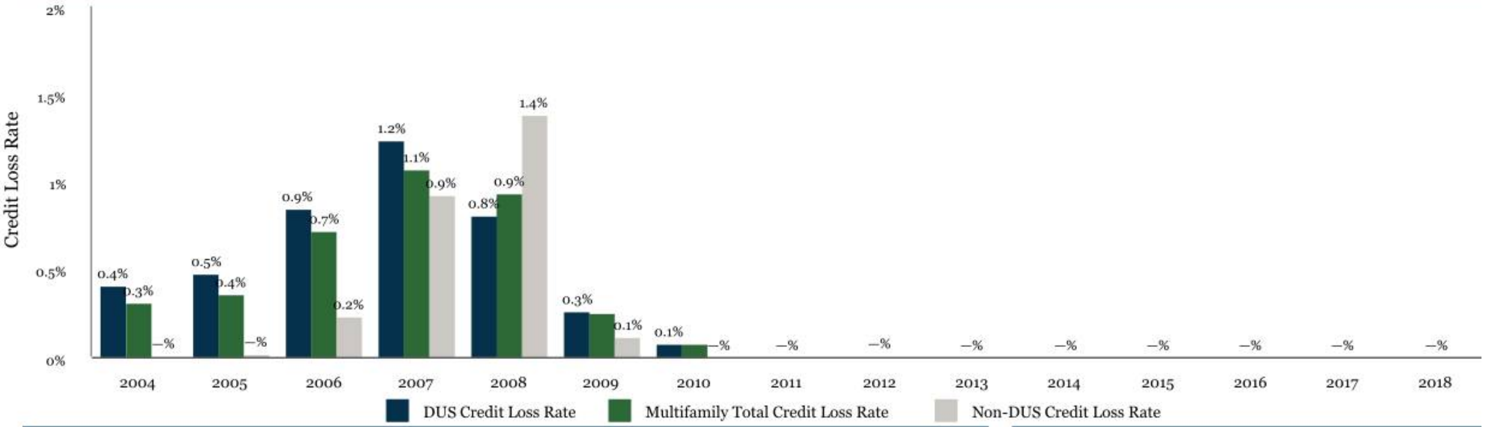


Multifamily Guaranty Book of Busi by Note Type[1]

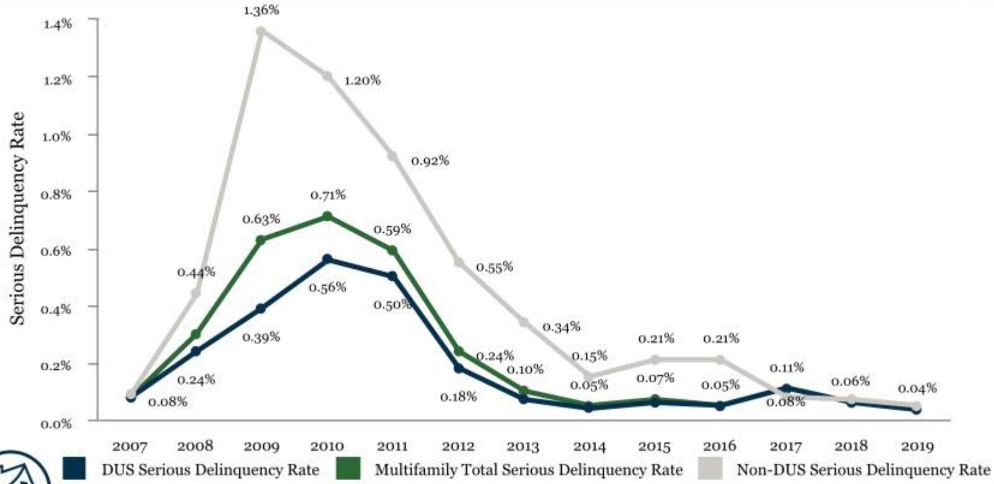


Multifamily Serious Delinquency Rates and Credit Losses

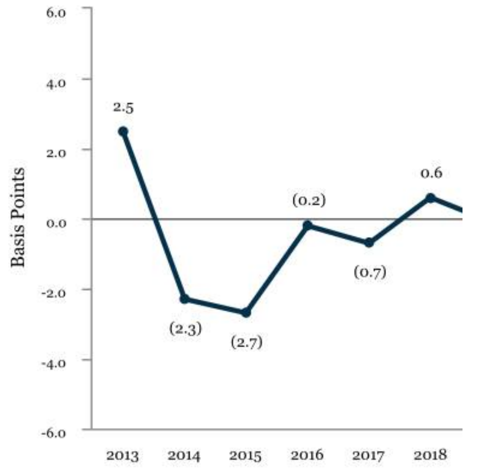
DUS/Non-DUS Cumulative Credit Loss Rates by Acquisition Year Through YTD 2019(3)(10)



Serious Delinquency Rates(3)(9)



Credit Loss (Benefit) Ratio(11



Endnotes

Financial Overview Endnotes

(1) Guaranty fee income includes the impact of a 10 basis point guaranty fee increase implemented in 2012 pursuant to the Temporary Payroll Tax Cut Continuation Act of 2011, th incremental revenue from which is remitted to Treasury and not retained by the company.

(2) Refers to the U.S. weekly average fixed-rate mortgage rate according to Freddie Mac's Primary Mortgage Market Survey®. These rates are reported using the latest available da for a given period.

(3) Source: Bureau of Economic Analysis. GDP growth rate for 2019 is the Advance Estimate published on January 30, 2020.

(4) Home price estimates are based on purchase transactions in Fannie-Freddie acquisition and public deed data available through the end of December 2019. Including subseque data may lead to materially different results. Home price change is not seasonally adjusted. UPB estimates are based on data available through the end of December 2019, and top 10 states are reported by UPB in descending order.

(5) Aggregate amount of dividends we have paid to Treasury on the senior preferred stock from 2008 through December 31, 2019. Under the terms of the senior preferred stock purchase agreement, dividend payments we make to Treasury do not offset our prior draws of funds from Treasury.

(6) Aggregate amount of funds we have drawn from Treasury pursuant to the senior preferred stock purchase agreement from 2008 through December 31, 2019.

Single-Family Business Endnotes

(1) Single-family conventional loan population consists of: (a) single-family conventional mortgage loans of Fannie Mae; (b) single-family conventional mortgage loans underlyin Fannie Mae MBS other than loans underlying Freddie Mac securities that Fannie Mae has resecuritized; and (c) other credit enhancements that we provide on single-family mortgage assets, such as long-term standby commitments. It excludes non-Fannie Mae single-family mortgage-related securities held in our retained mortgage portfolio for w we do not provide a guaranty. Conventional refers to mortgage loans and mortgage-related securities that are not guaranteed or insured, in whole or in part, by the U.S. gover or one of its agencies.

(2) Represents the sum of the average guaranty fee rate for the company's single-family conventional guaranty arrangements during the period plus the recognition of any upfron payments relating to these guaranty arrangements over an estimated average life at the time of acquisition. Excludes the impact of a 10 basis point guaranty fee increase implemented pursuant to the TCCA, the incremental revenue from which is remitted to Treasury and not retained by the company.

(3) FICO credit score is as of loan origination, as reported by the seller of the mortgage loan.

(4) Excludes loans for which this information is not readily available. From time to time, we revise our guidelines for determining a borrower's DTI ratio. The amount of income reported by a borrower and used to qualify for a mortgage may not represent the borrower's total income; therefore, the DTI ratios we report may be higher than borrowers' ac DTI ratios.

(5) Refers to HomeReady mortgage loans, a low down payment mortgage product offered by the company that is designed for creditworthy low-income borrowers. HomeReady al up to 97% loan-to-value ratio financing for home purchases. The company offers additional low down payment mortgage products that are not HomeReady loans; therefore, th category is not representative of all high LTV single-family loans acquired or in the single-family conventional guaranty book of business for the periods shown. See the "OLTV Ratio > 95%" category for information on the single-family loans acquired or in the single-family conventional guaranty book of business with origination LTV ratios greater th 95%.

(6) "Refi Plus" refers to loans we acquired under our Refi Plus initiative, which offered refinancing flexibility to eligible Fannie Mae borrowers who were current on their loans an applied prior to the initiative's December 31, 2018 sunset date. Refi Plus had no limits on maximum LTV ratio and provided mortgage insurance flexibilities for loans with LTV ratios greater than 80%.

(7) Calculated based on the aggregate unpaid principal balance of single-family loans for each category divided by the aggregate unpaid principal balance of loans in our single-fa conventional guaranty book of business. Loans with multiple product features are included in all applicable categories.

(8) Percentage of loans in our single-family conventional guaranty book of business, measured by unpaid principal balance, included in an agreement used to reduce credit risk by requiring collateral, letters of credit, mortgage insurance, corporate guarantees, inclusion in a credit risk transfer transaction reference pool, or other agreement that provides our compensation to some degree in the event of a financial loss relating to the loan. Because we include loans in reference pools for our Connecticut Avenue Securities and Cr Insurance Risk Transfer credit risk transfer transactions on a lagged basis, we expect the percentage of our 2019 single-family loan acquisitions with credit enhancements will increase in the future.

(9) "Serious delinquency rate" refers to single-family conventional loans that are 90 days or more past due or in the foreclosure process in the applicable origination year, product feature, or state, divided by the number of loans in our single-family conventional guaranty book of business in that origination year, product feature, or state.

(10) Amortized OLTV ratio is calculated based on the current UPB of a loan at period end, divided by the home price at origination of the loan.

Single-Family Business Endnotes

(11) The average estimated mark-to-market LTV ratio is based on the unpaid principal balance of the loan divided by the estimated current value of the property at period end, whi calculate using an internal valuation model that estimates periodic changes in home value. Excludes loans for which this information is not readily available.

(12) Refers to loans included in an agreement used to reduce credit risk by requiring primary mortgage insurance, collateral, letters of credit, corporate guarantees, or other agreem to provide an entity with some assurance that it will be compensated to some degree in the event of a financial loss. Excludes loans covered by credit risk transfer transactions unless such loans are also covered by primary mortgage insurance.

(13) Outstanding unpaid principal balance represents the underlying loan balance, which is different from the reference pool balance for CAS and some lender risk-sharing transac

(14) Includes mortgage pool insurance transactions covering loans with an unpaid principal balance of approximately $7 billion at issuance and approximately $3 billion outstandi of December 31, 2019.

(15) Based on the unpaid principal balance (UPB) of the single-family conventional guaranty book of business as of period end.

(16) Measured from the borrowers' last paid installment on their mortgages to when the related properties were added to our REO inventory for foreclosures completed during 201 Home Equity Conversion Mortgages insured by the Department of Housing and Urban Development are excluded from this calculation.

(17) Consists of (a) short sales, in which the borrower, working with the servicer and Fannie Mae, sells the home prior to foreclosure for less than the amount owed to pay off the lo accrued interest and other expenses from the sale proceeds and (b) deeds-in-lieu of foreclosure, which involve the borrower's voluntarily signing over title to the property.

(18) Consists of (a) modifications, which do not include trial modifications, loans to certain borrowers who have received bankruptcy relief that are accounted for as troubled debt restructurings, or repayment plans or forbearances that have been initiated but not completed; (b) repayment plans, reflects only those plans associated with loans that were 6 days or more delinquent; and (c) forbearances, not including forbearances associated with loans that were less than 90 days delinquent when entered.

(19) Credit losses consist of (a) charge-offs net of recoveries and (b) foreclosed property expense (income). Percentages exclude the impact of recoveries that have not been allocate specific loans.

(20) For a description of our Alt-A loan classification criteria, refer to the glossary in Fannie Mae's 2019 Form 10-K. We discontinued the purchase of newly originated Alt-A loans i 2009, except for those that represent the refinancing of a loan we acquired prior to 2009, which has resulted in our acquisitions of Alt-A mortgage loans remaining low and the percentage of the book of business attributable to Alt-A to continue to decrease over time.

(21) Total amount of single-family credit losses includes those not directly associated with specific loans. Single-family credit losses by state exclude the impact of recoveries that ha not been allocated to specific loans.

(22) Defaults include loan foreclosures, short sales, sales to third parties at the time of foreclosure and deeds-in-lieu of foreclosure. Cumulative Default Rate is the total number of single-family conventional loans in the guaranty book of business originated in the identified year that have defaulted, divided by the total number of single-family convention loans in the guaranty book of business originated in the identified year. Data as of December 31, 2019 is not necessarily indicative of the ultimate performance of the loans and performance is likely to change, perhaps materially, in future periods.

Multifamily Business Endnotes

(1) Our multifamily guaranty book of business consists of: (a) multifamily mortgage loans of Fannie Mae; (b) multifamily mortgage loans underlying Fannie Mae MBS; and (c) ot credit enhancements that we provide on multifamily mortgage assets. It excludes non-Fannie Mae multifamily mortgage-related securities held in our retained mortgage port which we do not provide a guaranty. Data reflects the latest available information.

(2) Represents the percentage of loans with lender risk-sharing agreements in place, measured by unpaid principal balance.

(3) Under the Delegated Underwriting and Servicing (DUS) program, Fannie Mae acquires individual, newly originated mortgages from specially approved DUS lenders using DU underwriting standards and/or DUS loan documents. Because DUS lenders generally share the risk of loss with Fannie Mae, they are able to originate, underwrite, close and s most loans without our pre-review.

(4) Includes any loan that was underwritten with an interest-only term less than the term of the loan, regardless of whether it is currently in its interest-only period.

(5) See https://www.fanniemae.com/multifamily/products for definitions. Loans with multiple product features are included in all applicable categories.

(6) The Multifamily Affordable Business Channel focuses on financing properties that are under an agreement that provides long-term affordability, such as properties with rent subsidies or income restrictions.

(7) Weighted average DSCR is calculated using the most recent property financial operating statements. When operating statement information is not available, the DSCR at the t acquisition is used. If both are unavailable, the underwritten DSCR is used. Co-op loans are excluded from this metric.

(8) In Q1 2019, the DUS program updated the definition of small multifamily loans to any loan with an original unpaid balance of up to $6 million nationwide. The updated defini has been applied to all loans in the current multifamily guaranty book of business, including loans that were acquired under the previous small loan definition.

(9) Multifamily loans are classified as seriously delinquent when payment is 60 days or more past due.

(10) Cumulative credit loss rate is the cumulative credit losses (gains) through December 31, 2019 on the multifamily loans that were acquired in the applicable period, as a percent the total acquired unpaid principal balance of multifamily loans in the applicable period.

(11) Credit loss (benefit) ratio represents the credit loss or benefit for the period divided by the average unpaid principal balance of the multifamily guaranty book of business for t period. Credit benefits are the result of recoveries on previously charged-off amounts. Credit loss (benefit) ratio is annualized for the most recent period.